COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018

City of Sachse, Texas

As Prepared by
The Finance Department

" Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home."

City of
Sachse

City of Sachse, Texas

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City of
Sachse

INTRODUCTORY SECTION

City of
Sachse

March 18, 2019

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2018. The CAFR is provided to give detailed information about the financial position and activities of the City to the citizens, City Council, staff, and other readers.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

LaFollett and Abbott PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2018. The independent auditors' report is located at the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City's population is 24,720, according to the 2018 North Central Texas Council of Governments estimate.

The City Council is comprised of a Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary, and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, sewer, engineering, streets and infrastructure, community development (planning and zoning), and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) and Sachse Municipal Development District are included in the financial statements as discretely presented component units.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, and Debt Service Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year, which runs from October 1 through September 30. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance, setting the limit for expenditures during the fiscal year. Expenditures in the adopted budget are appropriated by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed financial reports to the City Council.

Formal budgetary integration is not employed for the President George Bush Turnpike (PGBT) Tax Increment Financing Zone Fund (TIF) special revenue fund, Proprietary Fund, Capital Projects Fund, Sachse Economic Development Corporation or Sachse Municipal Development District. However, the City does adopt an annual budget for those funds for managerial control.

LOCAL ECONOMY

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives current and future residents easy access to major industrial, commercial, and business developments in North Dallas. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place a Tax Increment Financing Zone (TIF). The TIF Zone contains approximately 540 acres for future commercial development.

Property Values – Assessed property values increased $207,550,852 (10%) from the preceding year with $80,588,734 in new property and a $126,962,113 increase in the value of existing property. During the last five years, assessed taxable property values have increased 89% (from $1,248,799,416 in 2013 to $2,366,146,541 in 2018) and property taxes have accounted for 63% of the General Fund revenue. With a well-educated populace and average household income of $116,057, Sachse enjoys an exceptionally high property tax collection rate.

Long-Term Strategic Planning – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2017-2018 fiscal year were:

- Transportation – Improve mobility through the City
- Infrastructure – Systematically invest in public infrastructure
- Facilities – Analyze and plan for future facility needs beyond current construction
- Fiscally Sound – Negotiate strongly on all agreements
- Economic Development – Provide economic investment that increases employment opportunity, the tax base, and provides desired goods and services for residents and contributes to the community character and identify
- Public Safety and Security – Enhance neighborhood livability and safety
- Planning – Proactively work to keep various plans reviewed and updated
- Open Government – Increase public awareness using multiple communication sources
- Arts, Culture and Recreation –Enhance and communicate Sachse's activities to the community

Strategic Financial Plan – An appropriate financial plan for the City of Sachse requires many elements working in concert with one another. Additional demands for "essential" City services such as police, fire, sewer, drainage, and street improvements are anticipated. The Finance Department's management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

Financial Resource Planning – Strategic planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts, coupled with financial trend analysis techniques and careful reserve analysis, will preserve the fiscal well-being of Sachse. Strategic planning is a critical element, not only to meet long-term financial stability goals, but to determine City Council objectives that will require special financial planning to achieve success.

Capital Improvement Planning – The City of Sachse's Capital Improvement Program is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City's operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues, and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a five-year plan that is reviewed and projects are reprioritized, as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. Plans for future years are subject to change.

Debt Management – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percentage of operating expenditures, tax and revenue basis for the repayment of debt, the overall debt burden on the community, statutory limitations, and market factors affecting tax-exempt interest costs. Sizing of the City's capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

FISCAL YEAR 2018 HIGHLIGHTS

The citizens of Sachse voted for General Obligation (GO) Bonds in the amount of $37,925,000 for facilities, parks, and transportation in November 2006. The GO Bond program is currently in progress. Construction on the Municipal Complex and the Salmon Park Improvement project have been completed, as well as numerous transportation projects throughout the City. Transportation projects remaining to be funded by the 2006 Bond Funds include the widening of Sachse Road, from 5th Street to Miles Road, and the widening of 5th Street, from Highway 78 to Sachse Road. Design of this project is complete and construction is scheduled to begin in summer 2019. This project was originally slated to begin construction in FY2018, however, due to a delay at the Dallas County level, the project had to be pushed back.

In June 2017, the City issued $13 million in Certificates of Obligation, with debt service to be fully repaid from the Utility Fund. Proceeds have been used to fund approximately half of the construction cost for an elevated storage tank and fully fund completion of the Southeast Sewer expansion project. Both projects began in FY2018 and have made considerable progress. The elevated storage tank will be completed Spring 2019. Phase I is nearing completion for the Southeast Sewer Expansion project. Phase II of that project has been designed and awarded, and Phase III is 95% designed.

In November 2017, voters approved the creation and establishment of a Municipal Development District (MDD) for parks projects. The MDD is funded through ¼ percent sales tax, which took effect in April 2018. No expenditures were budgeted for FY2018. The MDD Board was established in August 2018. The Board identified the following projects for funding consideration: inclusive playground structures at Firefighters Park, a sand volleyball court, Dave Sanford Park playground replacement, Joe & Patricia Stone Park playground replacement, Salmon Park shelter rehabilitation, Cornwall Lane Park playground addition, and Joe & Patricia Stone Park playground/pavilion lighting.

In September 2017, the City issued $10,590,000 in Certificates of Obligation to be used for the realignment of the Merritt Road and Sachse Road intersection and for the construction of a Community Center at the Municipal Complex. The realignment project will be one part of a larger project in conjunction with the North Central Texas Council of Governments to widen Merritt Road from Pleasant Valley to Sachse Road. The construction of the Community Center was a long-time goal of this and prior City Councils, as well as members of the community. Staff issued a request for proposals for the construction of the Community Center in summer 2018 and the City Council awarded the project to Ratcliff Construction in late 2018.

In March 2016, City Council approved funding to update the City's Comprehensive Plan. The previous Plan was adopted in 2001, prior to much of Sachse's growth and the completion of the eastern extension of the President George Bush Turnpike (PGBT). Public engagement was crucial, and during the summer months, numerous stakeholder meetings and social media surveys were conducted. The final plan was approved by the City Council in March 2017 and identified three catalytic development areas: the President George Bush Turnpike, SH 78/Ranch Road industrial Tract and Old Town. These catalytic areas are the substantial remaining developable sites in Sachse and serve as the key opportunities for creating a sustainable economic future for Sachse. Since its adoption, staff has taken down several major projects contemplated within the Comprehensive Plan relative to the three catalytic areas. A dedicated zoning district was created in November 2017 for the President George Bush Turnpike area. This zoning was a key feature in attracting a master developer to the City. Throughout FY2018, the City worked with PMB Capital to create the framework for the development of approximately 120 acres along the PGBT. This project led to the ultimate creation of the Tax Increment Financing District Number Two and the City's first Public Improvement District. The project, known as "The Station" will be a regionally significant $250 million mixed-use development. The signature component of the project will include major enhancements to the City's existing Heritage Park. In addition, a specified zoning district was adopted for the Old Town/5th Street area in conjunction with the Sachse Economic Development Corporation's acquisition of approximately six-acres within the Old Town/5th Street district.

A consultant was engaged during FY2016 to conduct a stormwater drainage study. The scope of the study included identifying and prioritizing drainage projects throughout the City, as well as the feasibility of establishing a stormwater drainage fund to finance those projects. Establishment of a stormwater drainage fund was approved in October 2017, with implementation scheduled to occur in the second quarter of FY2017-2018. Completed projects include: Drainage Issue/Water Standing on Heavenly Drive, Added an Inlet; Alley Inlet Blocked between 7005/7009 Foxglove Trail; Brookhollow Dr. stream erosion Protection / End of Meadow Creek; Repair outfall/Channel and erosion issue behind Buddhism Temple on Ingram Road; Repair erosion channel at Sable Lane with main sewer exposed; Repair erosion channel at Getha Lane and HOA Richfield Estates; Repair damaged inlet and added grate inlet at the end of the alley on Lee Hutson Lane.

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2017. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's 2017-2018 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the sixth consecutive year the City's Budget has been so recognized. The 2018-2019 Fiscal Year Budget has also been submitted for consideration.

Acknowledgements – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of LaFollett and Abbott PLLC for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the Mayor, City Council, and City of Sachse staff for their assistance, interest, and support in the preparation of this document as well as their support of conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Gina Nash
City Manager

Teresa C. Savage, CGFO
Finance Director

Berna Fitzpatrick-Walker, CGFO
Finance Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sachse

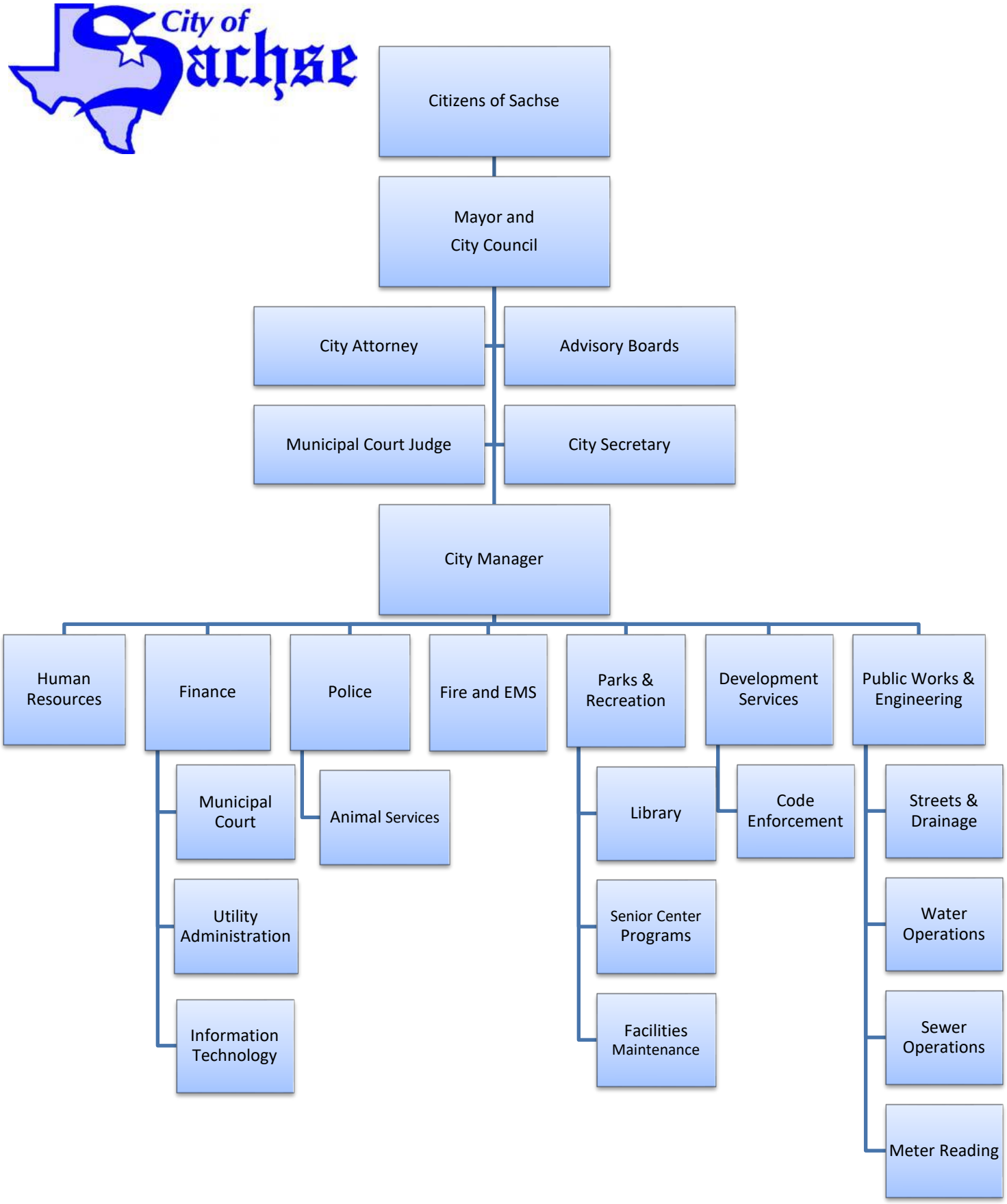
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO


City of Sachse
Citizens of Sachse
Mayor and City Council
City Attorney
Advisory Boards
Municipal Court Judge
City Secretary
City Manager
Human Resources
Finance
Police
Fire and EMS
Parks & Recreation
Development Services
Public Works & Engineering
Municipal Court
Utility Administration
Information Technology
Animal Services
Library
Senior Center Programs
Facilities Maintenance
Code Enforcement
Streets & Drainage
Water Operations
Sewer Operations
Meter Reading

CITY OF SACHSE, TEXAS

CITY OFFICIALS

Council Members

Mayor	Mike Felix
Mayor Pro Tem	Cullen King
Council Member	Brett Franks
Council Member	Jeff Bickerstaff
Council Member	Paul Watkins
Council Member	Michelle Howarth
Council Member	Bill Adams

Management Staff

City Manager	Gina Nash
City Secretary	Michelle Lewis-Sirianni
Director of Finance	Teresa Savage
Director of Development Services	Matt Robinson
Director of Public Works and Engineering	Greg Peters
Economic Development Corporation CEO	Leslyn Blake
Fire Chief	Marty Wade
Director of Human Resources	Melinda Walter
Director of Parks and Recreation/Library	Lance Whitworth
Police Chief	Bryan Sylvester

FINANCIAL SECTION

City of
Sachse

LaFollett and Abbott PLLC
Certified Public Accountants

Susan LaFollett, CPA – Partner
Rod Abbott, CPA – Partner

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Sachse, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17-27, and the required supplemental information as listed in the table of contents on pages 86-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedules on pages 94-112 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section on pages 1-8 and 114-142 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion on them or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sachse, Texas internal control over financial reporting and compliance.

LaFollett and Abbott PLLC
Tom Bean, Texas
March 18, 2019

City of
Sachse

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of
Sachse

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The City's total net position at September 30, 2018 is $103,771,825. Of this amount, $13,710,079 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,884,872. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $29,548,254 at September 30, 2018, an increase of $9,024,932 from the prior fiscal year; this includes an increase of $315,308 in the Debt Service Fund, an increase of $11,525,118 in the Capital Projects Fund, an increase of $74,329 in the PGBT Reinvestment Fund, a decrease of $205,298 in the General Fund, and a decrease of $2,684,525 in the nonmajor governmental funds. Overall, the increase is primarily due to a bond proceeds in the amount of $10,590,000.

- At the end of the fiscal year, unassigned fund balance for the General Fund is $8,640,784 or 55% of total General Fund expenditures.

- The City's total debt showed a net increase of $8,146,686. The total governmental bonds, certificates of obligation, and tax notes payable at the close of the fiscal year are $45,463,817. Self-supporting debt of the proprietary fund was $13,446,686.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net of these balances is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation and the Municipal Development District for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The George Bush Turnpike Reinvestment Zone, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and the PGBT Reinvestment Zone Tax Increment Fund, which are considered to be major funds. The City's Impact Fees Fund, Special Revenue Fund, and the Street Maintenance Fund are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Impact Fees Fund, Street Maintenance, and Special Revenue Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund since it is considered a major fund of the City.

Component Units

The City maintains the accounting and financial statements for three component units. The Sachse Economic Development Corporation and Municipal Development District are reported as discrete component units on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a major fund.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $103,771,825 as of September 30, 2018 in the primary government.

The largest portion of the City's net position, $84,155,333, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

City of Sachse's Net Position

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 32,492,022	$ 25,261,739	$ 57,753,761	$ 23,129,679	$ 23,857,074	$ 46,986,753
Capital assets, net	85,002,854	26,547,455	111,550,309	84,865,699	21,536,997	106,402,696
Total Assets	117,494,876	51,809,194	169,304,070	107,995,378	45,394,071	153,389,449
Total Deferred Outflows	4,240,233	174,261	4,414,494	5,084,636	227,501	5,312,137
Other liabilities	4,384,967	3,142,470	7,527,437	3,972,115	1,769,580	5,741,695
Long-term liabilities outstanding	48,714,576	13,006,634	61,721,210	40,629,674	13,820,019	54,449,693
Total Liabilities	53,099,543	16,149,104	69,248,647	44,601,789	15,589,599	60,191,388
Total Deferred Inflows	649,226	48,866	698,092	348,516	26,232	374,748
Net Position:						
Net investment in capital assets	57,841,667	26,313,666	84,155,333	50,617,047	20,802,006	71,419,053
Restricted	5,906,413	-	5,906,413	13,205,846	-	13,205,846
Unrestricted	4,238,260	9,471,819	13,710,079	4,306,816	9,203,735	13,510,551
Total Net Position	$ 67,986,340	$ 35,785,485	$ 103,771,825	$ 68,129,709	$ 30,005,741	$ 98,135,450

Statement of Activities:

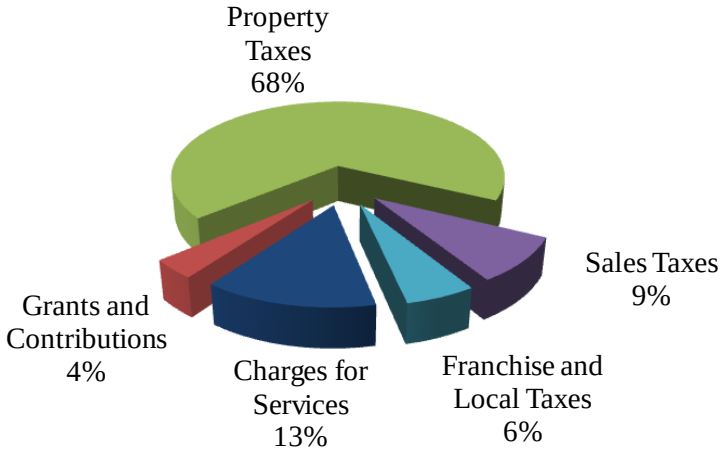
The following table provides a summary of the City's changes in net position:

City of Sachse's Changes in Net Position

	For the Year Ended September 30, 2018			For the Year Ended September 30, 2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUE:						
Program Revenues:						
Charge for services	$ 3,104,761	$ 13,532,977	$ 16,637,738	$ 3,038,659	$ 11,384,202	$ 14,422,861
Operating grants and contributions	18,879	-	18,879	20,832	-	20,832
Capital grants and contributions	839,290	82,530	921,820	2,754,486	1,047,236	3,801,722
General Revenues:						
Property taxes	15,674,089	-	15,674,089	13,982,042	-	13,982,042
Sales tax	2,029,280	-	2,029,280	1,969,439	-	1,969,439
Franchise and local tax	1,275,916	-	1,275,916	1,124,590	-	1,124,590
Investment income	388,860	338,741	727,601	117,382	77,795	195,177
Other revenues	168,853	-	168,853	107,470	-	107,470
Total Revenues	23,499,928	13,954,248	37,454,176	23,114,900	12,509,233	35,624,133
EXPENSES:						
Program Expenses:						
Public safety	9,736,773	-	9,736,773	9,144,006	-	9,144,006
Public works	5,489,736	-	5,489,736	5,639,697	-	5,639,697
General government	2,869,526	-	2,869,526	2,526,665	-	2,526,665
Culture and recreation	1,969,689	-	1,969,689	1,903,914	-	1,903,914
Community development	835,209	-	835,209	833,629	-	833,629
Interest and fiscal charges	1,563,657	-	1,563,657	1,193,484	-	1,193,484
Water and sewer	-	9,104,714	9,104,714	-	8,946,369	8,946,369
Total Expenses	22,464,590	9,104,714	31,569,304	21,241,395	8,946,369	30,187,764
Change in Net Position Before Transfers	1,035,338	4,849,534	5,884,872	1,873,505	3,562,864	5,436,369
Transfers	(947,605)	947,605	-	1,516,542	(1,516,542)	-
Total	87,733	5,797,139	5,884,872	3,390,047	2,046,322	5,436,369
Change in Net Position	87,733	5,797,139	5,884,872	3,390,047	2,046,322	5,436,369
Beginning Net Position	68,129,709	30,005,741	98,135,450	64,739,662	27,959,419	92,699,081
Cumulative Effect of Change in Accounting Principle	(231,102)	(17,395)	(248,497)	-	-	-
Ending Net Position	$ 67,986,340	$ 35,785,485	$ 103,771,825	$ 68,129,709	$ 30,005,741	$ 98,135,450

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities. This graph shows the largest governmental revenue sources of the City:

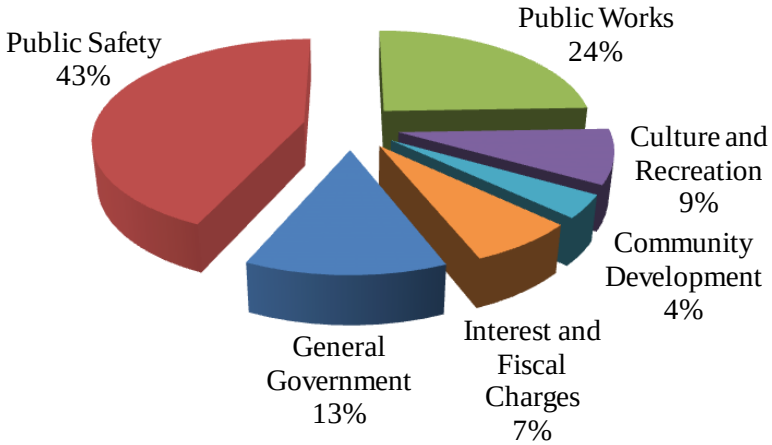
Governmental Activities – Revenues



For the year ended September 30, 2018, revenues from governmental activities totaled $23,499,928. Property tax, charges for services, and sales taxes are the City's largest general revenue sources. Overall revenue increased $385,028 or 2% due primarily to an increase in property tax and sales tax revenue. Property tax revenue increased $1,692,047 due to an increase in property values and a growing tax base. Sales tax increased by $59,841 or 3% due to continued growth within the City. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

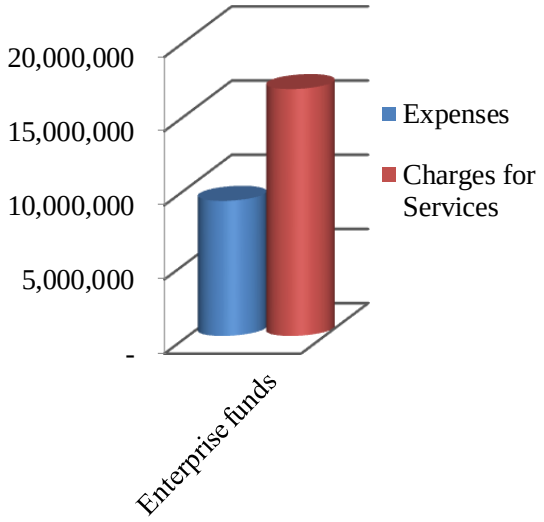
Governmental Activities – Expenses



For the year ended September 30, 2018, expenses for governmental activities totaled $22,464,590. This represents an increase of $1,223,195 or 5% from the prior year. The City's largest functional expense is public safety of $9,736,773 and demonstrated a 6% increase from prior year. Culture and recreation expenses increased by $65,775 or 3%. Public works decreased by $120,039 or 2% due to decreased capital projects during the year. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities – Revenues and Expenses



For the year ended September 30, 2018, charges for services by business-type activities totaled $13,352,977. This is an increase of $2,148,775 or 19%, from the previous year. This increase directly relates to water usage within the City as well as a price increase that occurred in the prior fiscal year.

Total expenses increased $158,345 to a total of $9,104,714, due primarily to increased purchases from the North Texas Municipal Water District, the City's source of water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2018, the City's governmental funds reported combined fund balances of $29,548,254, an increase of $9,024,932 in comparison with the prior year. Approximately 24% of this amount, $7,163,674, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, $22,833, 2) assigned for vehicle replacement, $625,976, or 3) restricted for particular purposes, $21,735,771.

As of the end of the year the General Fund reflected a total fund balance of $8,663,617. Of this, $22,833 is considered nonspendable and $8,640,784 is unassigned. This decrease in fund balance is attributable primarily to transfers to other funds.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of General Fund is 55% of total General Fund expenditures. The unassigned (the amount available for spending) fund balance of the General Fund of $8,640,784 is 54.9% of total General Fund expenditures.

The Debt Service Fund had an ending fund balance of $776,042 at September 30, 2018 compared to the previous year's balance of $460,734. The increase is primarily due to increased property taxes received.

The Capital Projects Fund ending fund balance is $16,314,611. During the year, the City issued bonds in the amount of $10,590,000 and expended $3,507,919 on various projects, utilizing funds designated for capital projects. The City has a separate capital projects fund to account for replacement of vehicles and equipment.

The PGBT Reinvestment Zone is used to track property tax collected for development. During the year, the fund received $74,329 in property taxes. All revenues received are applied to advances from the Utility Fund and the Sachse Economic Development Corporation.

The Impact Fees Fund is considered a nonmajor fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year, the City received $539,258 in impact fees. Impact fees are used to fund specific projects that are tracked in either the Utility Fund or Capital Projects Fund. Budgeted expenditures in the Impact Fee Fund will always be in the form of interfund transfers.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Water and Sewer Fund totaled $35,785,485. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to $9,471,819. Total net position demonstrated an increase of $5,797,139. The fund had a net investment in capital assets of $26,313,666. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $82,530 consisting of water and sewer infrastructure.

- Operational expenses excluding depreciation and amortization were $7,042,188.
- Cash and cash equivalents in the Water and Sewer Fund were $15,566,125 at fiscal year-end.

An internal service fund was established for the purpose of tracking and allocating expenses for employee health insurance. Revenue consists of budgeted allocations transferred from the General and Water and Sewer Funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of $342,045 to be retained for future risk.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments approved during the fiscal year resulted in a $1,050,000 decrease in fund balance between the original and final budgets. There was a positive variance of $317,778 over budgeted General Fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $528,474 in budgeted appropriations.
- $846,252 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net negative change in fund balance of $205,298.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $85,002,854 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $26,547,455 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased $5,146,646, net of depreciation.

Major capital asset events during the current year include the following:

- Contribution of assets by a developer.
- Construction of road and sewer projects.
- Purchase of vehicles and equipment.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of $54,415,000. Of this amount, $12,990,000 is self-supporting through revenues collected from the rates of the City's utility fund.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2018-2019 Fiscal Year Budget was approved by City Council on September 17, 2018. The tax rate adopted that same day was $.72 per $100 assessed value, a decrease of 2.7279 cents from the previous year. There was an increase in taxable values of $208 million (9.62%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1,007,156 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $1,161,070 to a total of $18,323,501. Budgeted expenditures decreased by $631,877.

Budgeted revenue in the Utility Fund includes the final year of a five year rate plan approved in 2014, an increase of $743,686 (6.8%) over the previous year. Budgeted expenses increased by $650,716 to a total of $8,516,856, an increase of 8.3%.

The City's capital budget includes $3,311,264 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes $530,000 from the General Fund, $908,264 from the Utility Fund, $750,000 from Roadway Impact Fees, $30,000 from Water Impact Fees, $250,000 in Drainage Revenue, and $388,000 from Street Maintenance Taxes. Projects included in the funding include scheduled street and utility rehabilitation, design of improvements to the Maxwell Creek pumping station, improvements to Dewitt and Ingram intersection, drainage improvements, and park improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.

City of
Sachse

FINANCIAL STATEMENTS

City of Sachse, Texas

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Municipal Development District
Assets					
Current assets:					
Cash and cash equivalents	$ 13,261,757	$ 7,188,013	$ 20,449,770	$ 915,874	$ 115,732
Investments	2,940,101	2,024,680	4,964,781	-	-
Receivables (net)	943,237	2,035,806	2,979,043	528,846	62,122
Internal balances	(505,264)	505,264	-	-	-
Inventory	-	34,105	34,105	-	-
Prepaids	22,833	755	23,588	2,269	-
Restricted cash	519,111	8,378,112	8,897,223	-	-
Restricted investments	15,310,247	5,095,004	20,405,251	-	-
Assets held for sale	-	-	-	2,197,982	
Total Current Assets	32,492,022	25,261,739	57,753,761	3,644,971	177,854
Advances to other governments	-	-	-	971,846	-
Capital assets:					
Non-depreciable	11,854,487	3,793,963	15,648,450	-	-
Net depreciable capital assets	73,148,367	22,753,492	95,901,859	-	-
	85,002,854	26,547,455	111,550,309	971,846	-
Total Assets	117,494,876	51,809,194	169,304,070	4,616,817	177,854
Deferred Outflows of Resources					
Deferred outflows - pensions	1,687,558	127,020	1,814,578	-	-
Deferred outflows - OPEB	31,606	2,378	33,984	-	-
Deferred charges on bond refunding	2,521,069	44,863	2,565,932	-	-
Total Deferred Outflows of Resources	$ 4,240,233	$ 174,261	$ 4,414,494	$ -	$ -

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Municipal Development District
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	$ 1,446,622	$ 2,064,046	$ 3,510,668	$ 11,956	$ -
Accrued interest payable	186,863	54,364	241,227	-	-
Restricted deposits	500	220,845	221,345	-	-
Long term debt due within one year	2,750,982	803,215	3,554,197	2,495	-
Total Current Liabilities	4,384,967	3,142,470	7,527,437	14,451	-
Noncurrent Liabilities:					
Advances from other governments	971,846	-	971,846	-	-
Long-term debt due in more than one year	43,366,170	12,677,216	56,043,386	277	-
Net pension liability	4,086,207	307,564	4,393,771	-	-
Total OPEB liability	290,353	21,854	312,207	-	-
Total Liabilities	53,099,543	16,149,104	69,248,647	14,728	-
Deferred Inflows of Resources					
Deferred inflows - pensions	649,226	48,866	698,092	-	-
Total Deferred Inflows of Resources	649,226	48,866	698,092	-	-
Net Position					
Net investment in capital assets	57,841,667	26,313,666	84,155,333	-	-
Restricted for:					
Capital projects	4,361,197	-	4,361,197	-	-
Debt service	776,042	-	776,042	-	-
Street maintenance	467,810	-	467,810	-	-
Municipal court	301,364	-	301,364	-	-
Economic development	-	-	-	4,602,089	-
Municipal development	-	-	-	-	177,854
Unrestricted	4,238,260	9,471,819	13,710,079	-	-
Total Net Position	$ 67,986,340	$ 35,785,485	$ 103,771,825	$ 4,602,089	$ 177,854

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public safety	$ 9,736,773	$ 1,136,924	$ 11,009	$ 839,290
Public works	5,489,736	539,258	-	-
General government	2,869,526	-	-	-
Culture and recreation	1,969,689	205,363	7,870	-
Community development	835,209	1,223,216	-	-
Interest on long-term debt	1,563,657	-	-	-
Total Governmental Activities	22,464,590	3,104,761	18,879	839,290
Business-Type Activities:				
Water	5,462,828	8,768,755	-	75,600
Sewer	3,641,886	4,764,222	-	6,930
Total Business-Type Activities	9,104,714	13,532,977	-	82,530
Total Primary Government	$ 31,569,304	$ 16,637,738	$ 18,879	$ 921,820
Component Units:				
Economic Development Corporation	575,363	-	-	-
Municipal Development District	-	-	-	-
Total Component Units	$ 575,363	$ -	$ -	$ -

General Revenues:
- Property taxes
- Sales and use taxes
- Franchise and local taxes
- Investment income
- Other revenues
- Insurance premiums
- Gain on sale of capital assets

Transfers in (out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Cumulative effect of change in accounting principle

Net Position - Ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Municipal Development District
$ (7,749,550)		$ (7,749,550)		
(4,950,478)		(4,950,478)		
(2,869,526)		(2,869,526)		
(1,756,456)		(1,756,456)		
388,007		388,007		
(1,563,657)		(1,563,657)		
(18,501,660)		(18,501,660)		
-	$ 3,381,527	3,381,527		
-	1,129,266	1,129,266		
-	4,510,793	4,510,793		
(18,501,660)	4,510,793	(13,990,867)		
			$ (575,363)	$ -
			-	-
			(575,363)	-
15,674,089	-	15,674,089	-	-
2,029,280	-	2,029,280	802,305	177,854
1,275,916	-	1,275,916	-	-
388,860	338,741	727,601	5,293	-
-	-	-	400,505	-
102,317	-	102,317	-	-
66,536	-	66,536	-	-
(947,605)	947,605	-	-	-
18,589,393	1,286,346	19,875,739	1,208,103	177,854
87,733	5,797,139	5,884,872	632,740	177,854
68,129,709	30,005,741	98,135,450	3,969,349	-
(231,102)	(17,395)	(248,497)	-	-
$ 67,986,340	$ 35,785,485	$ 103,771,825	$ 4,602,089	$ 177,854

City of Sachse, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General	Debt Service	Capital Projects
Assets			
Cash and cash equivalents	$ 3,819,469	$ 776,786	$ 5,314,050
Investments	5,064,337	-	11,141,887
Receivables, net	835,628	28,992	-
Prepaids	22,833	-	-
Total Assets	9,742,267	805,778	16,455,937
Liabilities			
Accounts payable and accrued liabilities	925,131	-	141,326
Customer deposits	500	-	-
Advances from other funds	-	-	-
Advances from other governments	-	-	-
Total Liabilities	925,631	-	141,326
Deferred Inflows of Resources			
Unavailable revenues for:			
Property taxes	79,300	29,736	-
Ambulance	48,378	-	-
Court	25,341	-	-
Total Deferred Inflows of Resources	153,019	29,736	-
Fund Balances			
Nonspendable for:			
Prepaids	22,833	-	-
Restricted for:			
Debt service	-	776,042	-
Capital projects	-	-	15,688,635
Street maintenance	-	-	-
Municipal court	-	-	-
Assigned for:			
Vehicle replacement	-	-	625,976
Unassigned	8,640,784	-	-
Total Fund Balances	8,663,617	776,042	16,314,611
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,742,267	$ 805,778	$ 16,455,937

See Notes to Financial Statements.

PGBT Reinvestment Zone	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 3,523,190	$ 13,433,495
-	2,044,124	18,250,348
-	78,617	943,237
-	-	22,833
-	5,645,931	32,649,913
-	374,837	1,441,294
-	-	500
505,264	-	505,264
971,846	-	971,846
1,477,110	374,837	2,918,904
-	-	109,036
-	-	48,378
-	-	25,341
-	-	182,755
-	-	22,833
-	-	776,042
-	4,501,920	20,190,555
-	467,810	467,810
-	301,364	301,364
-	-	625,976
(1,477,110)	-	7,163,674
(1,477,110)	5,271,094	29,548,254
$ -	$ 5,645,931	$ 32,649,913

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2018

Fund Balances - Total Governmental Funds	$ 29,548,254
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Capital assets - non-depreciable	11,854,487
Capital assets - net depreciable	73,148,367
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivables	109,036
Ambulance receivables	48,378
Fines receivable	25,341
Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.	
Pension amounts	1,038,332
OPEB amounts	31,606
Deferred charges on bond refunding	2,521,069
The Internal Service Fund is used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the Statement of Net Position.	342,045
Some liabilities, including interest, bonds payable, and net pension liabilities, are not reported as liabilities in the governmental funds.	
Accrued interest	(186,863)
Bond premium	(2,669,428)
Bond discount	2,611
Non-current liabilities due in one year	(2,753,593)
Non-current liabilities due in more than one year	(40,696,742)
Net pension and total OPEB liability	(4,376,560)
Net Position of Governmental Activities - Statement of Net Position	$ 67,986,340

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	General	Debt Service	Capital Projects
Revenues			
Property taxes	$ 11,529,698	$ 4,072,717	$ -
Sales and use taxes	1,627,987	-	-
License, permits, and fees	1,275,236	-	-
Franchise and local taxes	1,248,924	-	-
Intergovernmental	315,874	-	483,492
Investment income	157,925	5,700	151,999
Fines and forfeitures	257,876	-	-
FEMA reimbursement	-	-	102,317
Impact and development fees	-	-	-
Other revenue	52,809	150	14,213
Grants and donations	-	-	-
Total Revenues	16,466,329	4,078,567	752,021
Expenditures			
Current operating:			
Public safety	8,943,773	-	-
Public works	2,011,470	-	-
Culture and recreation	1,604,195	-	18,994
General government	1,501,302	-	-
Community development	827,741	-	-
Nondepartmental	769,629	-	-
Debt Service:			
Principal retirement	-	2,330,000	-
Interest and fiscal charges	-	1,435,602	-
Bond issunace costs		1,050	103,950
Capital outlay	75,432	-	3,507,919
Total Expenditures	15,733,542	3,766,652	3,630,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	732,787	311,915	(2,878,842)
Other Financing Sources (Uses)			
Transfers in	1,675,875	-	3,413,960
Transfers (out)	(2,613,960)	-	-
Bond proceeds	-	-	10,590,000
Premium on bond issued	-	3,393	315,000
Proceeds from the sale of general capital assets	-	-	85,000
Total Other Financing Sources (Uses)	(938,085)	3,393	14,403,960
Net Change in Fund Balances	(205,298)	315,308	11,525,118
Fund Balances - October 1	8,868,915	460,734	4,789,493
Fund Balances - September 30	$ 8,663,617	$ 776,042	$ 16,314,611

See Notes to Financial Statements.

PGBT Reinvestment Zone	Nonmajor Governmental Funds	Total Governmental Funds
$ 74,329	$ -	$ 15,676,744
-	401,293	2,029,280
-	-	1,275,236
-	26,992	1,275,916
-	-	799,366
-	72,330	387,954
-	12,941	270,817
-	-	102,317
-	634,358	634,358
-	-	67,172
-	18,879	18,879
74,329	1,166,793	22,538,039
-	20,103	8,963,876
-	252,195	2,263,665
-	8,000	1,631,189
-	8,726	1,510,028
-	-	827,741
-	-	769,629
-	-	2,330,000
-	-	1,435,602
		105,000
	138,814	3,722,165
-	427,838	23,558,895
74,329	738,955	(1,020,856)
-	-	5,089,835
-	(3,423,480)	(6,037,440)
-	-	10,590,000
-	-	318,393
-	-	85,000
-	(3,423,480)	10,045,788
74,329	(2,684,525)	9,024,932
(1,551,439)	7,955,619	20,523,322
$ (1,477,110)	$ 5,271,094	$ 29,548,254

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$	9,024,932
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays		3,722,165
Depreciation expense		(4,426,896)
The effects of capital assets contributed to the City during the year.		839,290
The difference between the proceeds and the gain on sale of assets is shown as an increase in net position.		2,597
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		34,095
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(37,709)
Accrued interest		(38,215)
Pension and OPEB expense		(319,227)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items:		
Net changes in deferred charges on refunding		(182,933)
Amortization of debt discount		(1,109)
Net changes in certificates, bonds & notes payable		(8,260,000)
Net changes in debt premium		(224,191)
The Internal Service Fund is used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of the Internal Service Fund is reported with governmental activities in the Statement of Activities.		(45,066)
Change in Net Position of Governmental Activities - Statement of Activities	$	87,733

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2018

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,188,013	$ 347,373
Investments	2,024,680	-
Receivables, net	2,035,806	-
Inventory	34,105	-
Prepaids	755	-
Restricted cash	8,378,112	
Restricted investments	5,095,004	
Total Current Assets	24,756,475	347,373
Noncurrent Assets:		
Advances to other funds	505,264	-
Capital Assets:		
Non-depreciable	3,793,963	-
Net depreciable capital assets	22,753,492	-
Total Noncurrent Assets	27,052,719	-
Total Assets	51,809,194	347,373
Deferred Outflows of Resources		
Deferred outflows - pensions	127,020	-
Deferred outflows - OPEB	2,378	-
Deferred charges on bond refunding	44,863	-
Total Deferred Outflows of Resources	$ 174,261	$ -

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2018

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 2,064,046	$ 5,328
Accrued interest payable	54,364	-
Customer deposits payable - restricted assets	220,845	-
Accrued compensated absences	30,370	-
Certificates of obligation and bonds payable - current	772,845	-
Total current liabilities	3,142,470	5,328
Noncurrent Liabilities:		
Accrued compensated absences	3,375	-
Certificates of obligation and bonds payable	12,673,841	-
Net pension liability	307,564	-
Total OPEB liability	21,854	
Total noncurrent liabilities	13,006,634	-
Total Liabilities	16,149,104	5,328
Deferred Inflows of Resources		
Deferred inflows - pensions	48,866	-
Total Deferred Inflows of Resources	48,866	-
Net Position		
Net investment in capital assets	26,313,666	-
Unrestricted	9,471,819	342,045
Total Net Position	$ 35,785,485	$ 342,045

See Notes to Financial Statements.

City of
Sachse

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Operating Revenues		
Water revenue	$ 8,370,472	$ -
Sewer revenue	4,764,222	-
Connection and tap charges	72,186	-
Benefits management	-	1,173,323
Other revenue	326,097	-
Total Operating Revenues	13,532,977	1,173,323
Operating Expenses		
Administration	232,169	-
Personnel	604,411	1,219,295
Cost of water operations	4,190,298	-
Cost of sewer operations	2,015,310	-
Depreciation	1,677,974	-
Total Operating Expenses	8,720,162	1,219,295
Operating Income	4,812,815	(45,972)
Non-operating Revenues (Expenses)		
Investment income	338,741	906
Interest expense	(384,552)	-
Total Non-Operating Revenues (Expenses)	(45,811)	906
Income Before Contributions and Transfers	4,767,004	(45,066)
Capital contributions	82,530	-
Transfers in	2,623,480	-
Transfers (out)	(1,675,875)	-
Change in Net Position	5,797,139	(45,066)
Net Position - October 1	30,005,741	387,111
Cumulative effect of change in accounting principle	(17,395)	-
Net Position - September 30	$ 35,785,485	$ 342,045

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers for services	$ 13,682,144	$ -
Receipts from interfund charges for benefits management	-	1,173,323
Payments to employees for salaries and benefits	(596,529)	-
Payments to suppliers and service providers	(5,449,850)	(1,216,672)
Net Cash Provided (Used) by Operating Activities	7,635,765	(43,349)
Cash Flows from Non-capital Financing Activities		
Transfers in	2,623,480	-
Transfers (out)	(1,675,875)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	947,605	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(6,626,963)	-
Principal paid on capital debt	(338,957)	-
Interest paid on capital debt	(432,199)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,398,119)	-
Cash Flows from Investing Activities		
Sale of investments	915,073	
Interest on Investments	338,741	-
Net Cash Provided (Used) by Investing Activities	1,253,814	906
Net Increase (Decrease) in Cash and Cash Equivalents	2,439,065	(42,443)
Cash and Cash Equivalents, October 1, 2017	13,127,060	389,816
Cash and Cash Equivalents, September 30, 2018	$ 15,566,125	$ 347,373

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2018

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ 4,812,815	$ (45,972)
Adjustment to reconcile operating income to net cash Provided (used) by operating activities:		
Depreciation expense	1,677,974	-
(Increase) Decrease in:		
Accounts receivable	(41,950)	-
Inventory	122,327	-
Prepaids	1,785	-
Advances to other funds	37,165	-
Deferred outflows-pensions	52,167	-
Deferred outflows-OPEB	(2,378)	-
Deferred outflows - bond refunding	3,451	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	987,927	2,705
Compensated absences	7,882	-
Deposits payable	(15,034)	-
Net pension and total OPEB liability	(31,000)	-
Deferred inflows - pensions	22,634	-
Net Cash Provided by Operating Activities	$ 7,635,765	$ (43,267)
Non-Cash Investing and Financing Activities		
Contributions of Capital Assets	$ 82,530	$ -

See Notes to Financial Statements.

City of
Sachse

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC"), the President George Bush Turnpike Reinvestment Zone Tax Increment Fund (the "TIF"), and the newly created Sachse Municipal Development District (the "MDD"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

<u>President George Bush Turnpike Reinvestment Zone Tax Increment Fund</u>
The City created the President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the board are citizens of Sachse. Any future debt obligations issued and backed by the TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primary in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Units

Sachse Economic Development Corporation

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC board to carry out the board's administrative and policy initiatives. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation, 3815-B Sachse Road, Sachse, Texas 75048.

Sachse Municipal Development District

The Sachse Municipal Development District (the "MDD") is a political subdivision of the State of Texas and the City, created in accordance with Chapter 377 of the Texas Local Government Code and other applicable laws. The MDD was created for the purpose of developing and financing all development projects specifically related to park and recreation projects and facilities. The MDD is governed by a seven member board of directors appointed by the Sachse City Council. The City's Parks and Recreations Director will serve at the City Liaison to the MDD, provide administrative support services for the MDD, and perform duties for the Board, as prescribed by City Council. The MDD is supported by a one-fourth of one percent sales tax voted by referendum on November 17, 2017. The scope of public service of the MDD benefits the government and its citizens and is operated within the geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the MDD may be obtained at the City's Department of Finance at the following address: 3815-B Sachse Road, Sachse, Texas 75048.

B. Basis of Presentation – Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the propriety funds.

As discussed earlier, the government has two discretely presented component units, which are shown in separate columns in the government-wide financial statements and fund financial statements are presented in the Other Supplemental Information section.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are reported in combining statements in the Other Supplemental Information section.

The government reports the following governmental funds:

General Fund

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and non-departmental. This fund is considered to be a major fund.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Fund

The Capital Projects Fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. The City has an internal vehicle replacement fund and it is presented with the Capital Projects Fund in the fund financial statements. This fund is considered to be a major fund.

PGBT Reinvestment Zone Tax Increment Fund

The PGBT Reinvestment Zone Tax Increment Fund ("TIF") was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. This fund is considered major for reporting purposes.

Impact Fees Fund

The Impact Fees Fund accounts for impact fees collected for specific projects related to development within the City. This fund is considered non-major for reporting purposes.

Street Maintenance Fund

The Street Maintenance Fund is used to account for a sales tax restricted for street maintenance. This fund is considered non-major for reporting purposes.

Special Revenue Fund

The Special Revenue Fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. This fund is considered non-major for reporting purposes.

The government reports the following major enterprise fund:

Water & Sewer Fund

This fund is used to account for provisions of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

The government reports the following internal service fund:

Health Insurance Fund

This fund is used to account for health insurance benefits provided to City employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds), are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of a long term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of fiscal year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, Deferred Inflows/Outflows, Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools,* the City reports all investments at fair value, except for "money market investments" and "2a7-like pools". Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosure related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowances for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the government fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The Debt Service Fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the General Fund. Lease payments representing both principal and interest are recorded as expenditures in the General Fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about the Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

12. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Financial Position and/or Balance Sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net positon that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following items that qualify for reporting as deferred outflows:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and/or the differences between expected and actual economic experience and assumption changes.

The City has the following items that qualify for reporting as deferred inflows:

Pensions – at the government-wide level these deferred inflows result from differences due to pension assumption changes.

Unavailable Revenues – at the fund level these deferred inflows result from property tax, ambulance, and court revenues that have not been received in the current period and are unavailable until collected.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem up to 3 days each of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities.

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General, Debt Service, Special Revenue, and Utility Fund, as well as the SEDC and the MDD. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Two supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended September 30, 2018, transfers exceeded appropriations at the legal level of control by the net amount of $2,757,652 in the Impact Fee Fund. Transfers budgeted in previous years for projects completed in the Utility Fund and Capital Projects Fund were the sole cause for exceeding current year budget.

The City has implemented procedures to ensure budgetary compliance. No transfers can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

B. Deficit Fund Equity

At September 30, 2018, the PGBT Reinvestment Zone TIF has a deficit fund balance of $1,477,110. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in note I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

The City's investments in 2a7-like pools such as TexPool are included in this category. Although the City's investments in TexPool are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required.

The City had the following deposits considered to be cash and cash equivalents at September 30, 2018:

Investment type	Fair Value	Weighted Average Maturity (Days)	Credit Rating
Bank deposits	$ 7,275,829	-	-
Money Market accounts	13,830,228	-	-
External investment pools			
TexPool	8,240,936	45	AAAm
Total fair value	$ 29,346,993		

The SEDC and the MDD had the following deposits considered to be cash and cash equivalents at September 30, 2018:

Investment Type	Fair Value
SEDC Bank deposits	$ 915,874
MDD Bank deposits	115,732
Total fair value	$ 1,031,606

As of September 30, 2018, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 25,370,032	0.48

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm.

Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2018, the City's investment in TexPool was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2018, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances of the primary government and component units at year end:

	General	Debt Service	Street Maintenance	Special Revenue	Water & Sewer	Total	Component Units EDC	Component Units MDD
Property taxes	$ 78,493	$28,992	$ -	$ -	$ -	$ 107,485	$ -	$ -
Sales taxes	297,376	-	71,991	-	-	369,367	143,932	62,122
Franchise taxes	315,823	-	-	-	-	315,823	-	-
Fines	182,150	-	-	-	-	182,150	-	-
EMS	186,070	-	-	-	-	186,070	-	-
Accounts	-	-	-	-	1,987,775	1,987,775	-	-
Other	44,877	-	-	6,626	93,798	145,301	384,914	-
Allowance	(269,161)	-	-	-	(45,767)	(314,928)	-	-
	$835,628	$28,992	$ 71,991	$6,626	$2,035,806	$2,979,043	$528,846	$62,122

C. Capital Assets

A summary of changes in governmental activities capital assets for the year ended September 30, 2018 is as follows:

	Beginning Balances	Additions	Decreases / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 8,895,278	$ -	$ -	$ 8,895,278
Construction in progress	2,400,936	1,819,291	(1,261,018)	2,959,209
Total capital assets, not being depreciated	11,296,214	1,819,291	(1,261,018)	11,854,487
Capital assets, being depreciated:				
Buildings & improvements	20,109,688	-	-	20,109,688
Vehicles & equipment	9,570,880	1,902,874	(637,503)	10,836,251
Infrastructure	125,158,872	839,290	1,261,017	127,259,179
Total capital assets being depreciated	154,839,440	2,742,164	623,514	158,205,118
Less accumulated depreciation for:				
Buildings & improvements	7,131,460	827,480	-	7,958,940
Vehicles & equipment	6,042,854	612,056	(640,100)	6,014,810
Infrastructure	68,095,641	2,987,360	-	71,083,001
Total accumulated depreciation	81,269,955	4,426,896	(640,100)	85,056,751
Total capital assets, being depreciated, net	73,569,485	(1,684,732)	1,263,614	73,148,367
Total Capital Assets	$ 84,865,699	$ 134,559	$ 2,596	$ 85,002,854

Depreciation was charged to governmental functions for the year ended September 30 2018, as follows:

Public works	$ 3,087,367
Public safety	557,918
General government	496,121
Culture and recreation	285,490
Total Depreciation Expense	$ 4,426,896

A summary of changes in business-type activities capital assets for the year ended September 30, 2018 is as follows:

	Beginning Balances	Additions	Decreases / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 362,521	$ 518,154	$ -	$ 880,675
Construction in progress	447,343	5,923,901	(3,457,956)	2,913,288
Total capital assets, not being depreciated	809,864	6,442,055	(3,457,956)	3,793,963
Capital assets, being depreciated:				
Buildings & improvements	313,503	-	-	313,503
Vehicles & equipment	1,186,929	165,477	(21,062)	1,331,344
Infrastructure	48,946,549	101,962	3,457,956	52,506,467
Total capital assets being depreciated	50,446,981	267,439	3,436,894	54,151,314
Less accumulated depreciation for:				
Buildings & improvements	267,430	5,351	-	272,781
Vehicles & equipment	964,597	48,547	-	1,013,144
Infrastructure	28,487,821	1,624,076	-	30,111,897
Total accumulated depreciation	29,719,848	1,677,974	-	31,397,822
Net capital assets being depreciated	20,727,133	(1,410,535)	3,436,894	22,753,492
Total Capital Assets	$ 21,536,997	$ 5,031,520	$ (21,062)	$ 26,547,455

Depreciation was charged to business-type activities for the year ended September 30, 2018, as follows:

Water	$ 954,888
Sewer	723,086
Total Depreciation Expense	$ 1,677,974

D. Long-term Debt

The following is a summary of changes in long-term liabilities for the City's total governmental activities, business-type activities, and the component unit for the year ended September 30, 2018. The City uses the Debt Service Fund to liquidate liabilities of the governmental funds.

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of Obligations	$ -	$ 10,590,000	$ (240,000)	$ 10,350,000	$ 270,000
General Obligation Bonds	33,500,000	-	(1,925,000)	31,575,000	1,595,000
Discount	(3,720)	-	1,109	(2,611)	(174)
Premium	2,442,237	224,191	-	2,666,428	198,488
Tax notes	1,040,000	-	(165,000)	875,000	165,000
Other liabilities:					
Compensated absences	615,626	653,336	(615,627)	653,335	522,668
Total Governmental Activities	$ 37,594,143	$ 11,467,527	$ (2,944,518)	$ 46,117,152	$ 2,750,982
Long-term liabilities due in more than one year				$ 43,366,170	
Business-type Activities:					
Bonds, notes and other payable:					
Certificates of Obligations	$ 12,670,000	$ -	$ (180,000)	$ 12,490,000	$ 225,000
General Obligation Bonds	620,000	-	(120,000)	500,000	120,000
Premium	495,643	-	(38,957)	456,686	427,845
Other Liabillities:					
Compensated absences	25,863	33,745	(25,863)	33,745	30,370
Total Business-Type Activities	$ 13,811,506	$ 33,745	$ (364,820)	$ 13,480,431	$ 803,215
Long-term liabilities due in more than one year				$ 12,677,216	
Component Unit					
Other liabilities:					
Compensated absences	$ 2,690	$ 2,683	$ (2,601)	$ 2,772	$ 2,495
Total Component Unit	$ 2,690	$ 2,683	$ (2,601)	$ 2,772	$ 2,495
Long-term liabilities due in more than one year				$ 277	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the Debt Service Fund as has been done in prior years.

The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The General Fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Long-term debt for the year ended September 30, 2018 was comprised of the following debt issues:

Description	Interest Rates	Original Balances	Amounts Outstanding
Governmental Activities:			
2007 General obligation improvement bonds	4.0-4.15%	$ 6,130,000	$ -
2009 General obligation refunding and improvement bonds	3.0-5.88%	34,560,000	3,840,000
2015 General obligation refunding and improvement bonds	2.0-4.0%	9,470,000	8,940,000
2016 General obligation refunding bonds	2.0-4.0%	20,025,000	18,795,000
2016 Tax notes	2.0-3.0%	1,200,000	875,000
2017A Certificates of obligation	3.0-4.0%	10,590,000	10,350,000
Total Governmental Activities		$ 81,975,000	$ 42,800,000
Business-type Activities:			
2016 General obligation refunding bonds	2.0-4.0%	$ 620,000	$ 500,000
2017 Certificates of obligation	3.0-4.0%	12,670,000	12,490,000
Total Business-type Activities		$ 13,290,000	$ 12,990,000
Total		$ 95,265,000	$ 55,790,000

The annual requirements to amortize governmental activities debt issues outstanding at September 30, 2018 are as follows:

Year ending	General Obligation Bonds		Tax Notes		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	1,595,000	1,054,414	165,000	19,500	$ 270,000	$ 356,138
2020	1,655,000	1,000,158	170,000	16,150	280,000	345,138
2021	1,720,000	939,439	175,000	12,700	295,000	333,638
2022	1,780,000	889,795	180,000	8,250	305,000	321,638
2023	1,830,000	844,745	185,000	2,775	315,000	309,238
2024	1,890,000	789,414	-	-	330,000	296,338
2025	1,945,000	731,658	-	-	345,000	282,383
2026	2,005,000	671,533	-	-	360,000	268,738
2027	2,075,000	599,451	-	-	375,000	254,038
2028	2,165,000	514,539	-	-	390,000	238,738
2029	1,820,000	434,723	-	-	405,000	222,838
2030	1,895,000	360,300	-	-	420,000	206,338
2031	1,980,000	282,675	-	-	435,000	189,238
2032	2,325,000	196,419	-	-	455,000	173,713
2033	2,410,000	112,331	-	-	465,000	159,913
2034	2,485,000	37,419	-	-	480,000	145,738
2035	-	-	-	-	495,000	131,113
2036	-	-	-	-	510,000	116,038
2037	-	-	-	-	525,000	100,184
2038	-	-	-	-	545,000	83,466
2039	-	-	-	-	560,000	66,200
2040	-	-	-	-	580,000	48,388
2041	-	-	-	-	595,000	29,656
2042	-	-	-	-	615,000	9,994
Total	$31,575,000	$ 9,459,013	$ 875,000	$ 59,375	$10,350,000	$ 4,688,842

The annual requirements to amortize business-type activities debt issues outstanding at September 30, 2018 are as follows:

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2019	120,000	8,800	225,000	420,413
2020	125,000	6,350	230,000	411,312
2021	125,000	3,850	240,000	401,913
2022	130,000	1,300	250,000	392,112
2023	-	-	405,000	379,013
2024	-	-	415,000	362,612
2025	-	-	435,000	345,613
2026	-	-	450,000	327,913
2027	-	-	470,000	309,512
2028	-	-	490,000	290,312
2029	-	-	510,000	270,313
2030	-	-	535,000	249,412
2031	-	-	550,000	230,463
2032	-	-	570,000	213,662
2033	-	-	585,000	196,337
2034	-	-	605,000	178,488
2035	-	-	620,000	160,112
2036	-	-	640,000	141,213
2037	-	-	655,000	121,787
2038	-	-	680,000	101,763
2039	-	-	700,000	80,625
2040	-	-	720,000	58,437
2041	-	-	745,000	35,547
2042	-	-	765,000	11,953
Total	$ 500,000	$ 20,300	$12,490,000	$ 5,690,837

E. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2009, 2015, and 2016 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $2,521,069 and $44,863 for business-type activities. Current year amortization expense for governmental activities totaled $182,933 and $3,451 for business-type activities.

F. Interfund Transactions

Transfers between the primary government funds during the year ended September 30, 2018 are as follows:

Transfers Out	Transfers In General	Capital Projects	Water & Sewer	Total Transfers Out
General	$ -	$ 2,613,960	$ -	$ 2,613,960
Water and sewer	1,675,875	-	-	1,675,875
Impact fees	-	800,000	2,623,480	3,423,480
Total Transfers In	$ 1,675,875	$ 3,413,960	$ 2,623,480	$ 7,713,315

Transfers from the Water and Sewer Fund were made for operations to support costs borne by the General Fund. Transfers from the General Fund, Debt Service Fund, and Impact Fees Fund to the Capital Projects Fund were made for construction projects.

The compositions of interfund balances as of September 30, 2018 are as follows:

Funds	Advances to Other Funds	Advances from Other Funds
PGBT Reinvestment Zone - Water & sewer	$ -	$ 505,264
Water & Sewer - PGBT Reinvestment Zone	505,264	-
	$ 505,264	$ 505,264

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

As of year-end, the SEDC has advanced the PGBT Reinvestment Zone Fund $971,846 for a major sewer expansion project. The advance will be paid back by future property tax.

G. Assigned Fund Balances

The City assigns fund balances for expenditures designated for specific purposes. At September 30, 2018, the City had assigned the following balances:

	Capital Projects Fund
Assigned for:	
Vehicle Replacement Fund	$ 625,976
Total	$ 625,976

H. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

		Governmental Activities	SEDC	MDD
Restricted for:				
	Capital improvements	$ 4,361,197	$ -	$ -
	Debt service	776,042	-	-
*	Street maintenance	467,810	-	-
*	Municipal court	301,364	-	-
	Economic development	-	4,602,089	-
	Municipal development	-	-	177,854
	Total	$ 5,906,413	$4,602,089	$177,854

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool.

The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

GASB 62 defines probability of loss contingencies as the following:

> *Probable.* The future event or events are likely to occur.
>
> *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
>
> *Remote.* The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is currently involved in a lawsuit with estimated damage claims of approximately $10 million dollars. The City estimates it has a 70% chance of prevailing in this case and that this loss contingency is reasonably possible, but not probable.

C. Construction Commitments

The City has active construction projects as of September 30, 2018. The projects include a digital radio upgrade, concrete panel replacement, a water tower, and sewer expansion.

At September 30, 2018, the City's commitments with contractors are as follows:

Project		Spent-to-Date	Remaining Commitment
Government Activities:			
P-25 Digital Radio Upgrade		$ 708,588	$ 241,411
Concrete Panel Replacement		583,183	71,038
	Total	$ 1,291,771	$ 312,449
Business-Type Activities:			
Elevated Water Tower		$ 1,010,388	$ 1,686,612
Southeast Sewer Expansion		754,414	4,910,765
	Total	$ 1,764,802	$ 6,597,377

D. Pension Plan

Texas Municipal Retirement Systems

1. Plan Description

The City of Sachse participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2016	Plan year 2017
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	137
Active employees	142
Total	350

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Sachse were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Sachse were 14.05% and 14.51% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were $1,370,165, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Overall payroll growth	3.50% to 10.50% per year including inflations
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables, with male rates multiplied by 109% and female rates multiplied by 103%.
The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both male rates and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension investments from 7% to 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 9,704,672	$ 4,393,771	$ 156,436

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/16	$ 27,288,179	$ 22,139,349	$ 5,148,830
Changes for the year:			
Service Cost	1,626,583	-	1,626,583
Interest	1,869,149	-	1,869,149
Difference between expected and actual experience	688,777	-	688,777
Changes of assumptions	-	-	-
Contributions - employer	-	1,258,456	(1,258,456)
Contributions - employee	-	626,979	(626,979)
Net investement income	-	3,070,840	(3,070,840)
Benefit payments, including refunds of employee contributions	(820,744)	(820,744)	-
Administrative expense	-	(15,902)	15,902
Other changes	-	(805)	805
Net changes	3,363,765	4,118,824	(755,059)
Balance at 12/31/17	$ 30,651,944	$ 26,258,173	$ 4,393,771

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of $1,683,742. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 782,958	$ -
Changes in actuarial assumptions	28,490	-
Difference between projected and actual investment earnings	-	698,092
Contributions subsequent to the measurement date	1,003,130	-
Total	$ 1,814,578	$ 698,092

The $1,003,130 contributions made after the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2019	$ 323,512
2020	259,253
2021	(154,123)
2022	(315,286)
2023	-
Thereafter	-
Total	$ 113,356

E. Other Post-Employment Benefits (OPEB) Plan

1. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer other postemployment benefit plan (OPEB) (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

2. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another post-employment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	23
Active employees	142
Total:	212

3. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city.

There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The City's contributions to the SDBF for the year ended September 30, 2018 were $11,685, and were equal to the required contributions. The contribution rates to the SDBF for the City are as follows:

Plan/ Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2017	0.13%	0.02%
2018	0.15%	0.02%

4. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method:	Entry Age Normal
Inflation:	2.5% per year
Salary increases:	3.5% to 10.5%, including inflation
Discount rate:	3.31%
Retiree's share of benefit-related costs:	0.00%
Health care cost trend rates:	Not disclosed as the plan only provides SDB.
Administrative expenses:	All administraitive expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality:	
Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvments subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method. Salary increases were based on a service-related table.

Discount Rate:

A single discount rate of 3.31% was used to measure the Total OPEB Liability and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2016	$ 256,774
Changes for the year:	
Service cost	18,810
Interest on Total OPEB Liability	10,028
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	28,386
Benefit payments	(1,791)
Administrative expense	-
Other changes	-
Net changes	$ 55,433
Balance at 12/31/2017	$ 312,207

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
1% Decrease 2.31%	Current Discount Rate 3.31%	1% Increase 4.31%
$386,391	$312,207	$256,041

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of $33,577. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outlows/Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 23,647	$ -
Contributions made subsequent to measurement date	10,337	-
	$ 33,984	$ -

The $10,337 contributions made after the measurement date of the total OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period. The other amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Deferred outflows (inflows) of resources
2019	$ 4,739
2020	4,739
2021	4,739
2022	4,739
2023	4,691
Thereafter	-
Total	$ 23,647

F. Tax Abatement Disclosures

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund 80% of the City's portion of sales tax paid by the businesses annually. There are currently two existing agreements expiring October 20, 2025 and March 7, 2025. The City abated $13,168 under these agreements during the current year.

The Sachse EDC entered into a sales tax with a local business under Chapters 501-505 of the Texas Local Government Code. Under the terms of the Sachse EDC's agreement, 80% of its sales tax receipts related to sales generated by the business. The maximum amount of this sales tax agreement is $282,712. This agreement expires January 23, 2023. The Sachse EDC did not abate any taxes related to this agreement in the current year.

G. Cumulative Effects of Change in Accounting Principle

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)" an adjustment has been made to record the City's total OPEB liability as of October 1, 2017. As a result, beginning net position of the governmental activities has been decreased by $231,102 and the beginning net position of the enterprise fund has been decreased by $17,395.

H. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2018 up through the date of the auditor's report date on page eleven. This is the date the financial statements were available for issuance. There are no subsequent events requiring disclosure.

I. New Accounting Pronouncements

The City has adopted the following Governmental Accounting Standards Board (GASB) statements as required, if applicable:

1. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
2. GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
3. GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
4. GASB Statement No. 82, *Pension Issues – amendment of GASB Statements No. 67, 68, and 73*
5. GASB Statement No. 85, *Omnibus 2017*
6. GASB Statement No. 86, *Certain Debt Extinguishment Issues*

GASB has also issued the following statements. The City will be analyzing the effects of these pronouncements and plans to adopt them by their effective date, or as they become applicable to the City:

1. GASB No. 81, *Irrevocable Split-Interest Agreement,* effective for fiscal years that ends December 31, 2017.
2. GASB Statement No. 83, Certain Asset Retirement Obligations, effective starting with fiscal year ending June 30, 2019.
3. GASB Statement No. 84, Fiduciary Activities, effective starting with fiscal year ending December 31, 2019, if applicable.
4. GASB No. 87, Leases, effective starting with fiscal year ending December 31, 2020, if applicable.

City of
Sachse

REQUIRED SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2018

	Budgeted Amounts		2018	Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 11,107,591	$ 11,107,591	$ 11,529,698	$ 422,107
Sales and use taxes	1,434,000	1,434,000	1,627,987	193,987
License, permits, and fees	1,289,000	1,289,000	1,275,236	(13,764)
Franchise and local taxes	1,158,000	1,158,000	1,248,924	90,924
Intergovernmental	305,109	305,109	315,874	10,765
Investment income	25,000	25,000	157,925	132,925
Fines and forfeitures	250,000	250,000	257,876	7,876
Other revenue	43,618	43,618	52,809	9,191
Total Revenues	15,612,318	15,612,318	16,466,329	854,011
Expenditures				
Current:				
General Government				
City manager	409,060	414,560	421,871	(7,311)
City secretary	166,672	192,072	190,209	1,863
Human resources	361,047	361,047	332,161	28,886
Finance	546,930	560,930	557,061	3,869
Public Safety				
Police	5,010,881	4,970,981	4,713,313	257,668
Animal control	212,822	212,822	198,849	13,973
Fire and ambulance	3,850,973	3,832,973	3,808,770	24,203
Municipal court	245,179	231,179	222,841	8,338
Public Works				
Streets	1,353,463	1,374,863	1,350,165	24,698
Facility maintenance	466,019	466,019	441,258	24,761
City engineer	233,769	233,769	220,047	13,722
Culture and recreation				
Parks and recreation	1,085,527	1,085,527	1,079,033	6,494
Seniors	123,546	123,546	121,762	1,784
Library service	395,203	395,203	403,400	(8,197)
Community development	840,983	840,983	827,741	13,242
Nondepartmental	817,942	874,942	769,629	105,313
Capital outlay	92,000	90,600	75,432	15,168
Total Expenditures	16,212,016	16,262,016	15,733,542	528,474
Revenues Over (Under)	$ (599,698)	$ (649,698)	$ 732,787	$ 1,382,485

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2018

	Budgeted Amounts		2018	Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Other Financing Sources (Uses)				
Transfers in	$ 1,550,113	$ 1,550,113	$ 1,675,875	$ 125,762
Transfers (out)	(1,613,960)	(2,613,960)	(2,613,960)	-
Total Other Financing Sources (Uses)	(63,847)	(1,063,847)	(938,085)	125,762
Net Change in Fund Balances	$ (663,545)	$ (1,713,545)	(205,298)	$ 1,508,247
Fund balances - October 1			8,868,915	
Fund balances - September 30			$ 8,663,617	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Ten Measured Years

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 1,626,583	$ 1,521,822	$ 1,293,172	$ 1,042,550
Interest	1,869,149	1,663,017	1,563,772	1,430,625
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	688,777	596,374	(79,733)	(127,842)
Changes in assumptions	-	-	110,669	-
Benefit payments, including refunds of participant contributions	(820,744)	(738,818)	(670,232)	(466,852)
Net change in total pension liability	3,363,765	3,042,395	2,217,648	1,878,481
Total pension liability - beginning	27,288,179	24,245,784	22,028,136	20,149,655
Total pension liability - ending (a)	30,651,944	27,288,179	24,245,784	22,028,136
Plan fiduciary net position				
Contributions - employer	1,258,456	1,132,714	982,512	770,437
Contributions - members	626,979	590,835	520,242	458,268
Net investment income	3,070,840	1,340,941	28,020	986,994
Benefit payments, including refunds of participant contributions	(820,744)	(738,818)	(670,232)	(466,852)
Administrative expenses	(15,902)	(15,135)	(17,065)	(10,302)
Other	(805)	(815)	(843)	(847)
Net change in plan fiduciary net position	4,118,824	2,309,722	842,634	1,737,698
Plan fiduciary net position - beginning	22,139,349	19,829,627	18,986,993	17,249,295
Plan fiduciary net position - ending (b)	26,258,173	22,139,349	19,829,627	18,986,993
Fund's net pension liability - ending (a) - (b)	$ 4,393,771	$ 5,148,830	$ 4,416,157	$ 3,041,143
Plan fiduciary net position as a percentage of the total pension liability	85.67%	81.13%	81.79%	86.19%
Covered payroll	$ 8,956,953	$ 8,440,501	$ 7,432,025	$ 6,546,680
Fund's net position as a percentage of covered payroll	49.05%	61.00%	59.42%	46.45%

NOTES TO SCHEDULE OF NET PENSION LIABILITY

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Sachse, Texas

SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Ten Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially determined employer contributions	$ 1,370,165	$ 1,225,344	$ 1,106,275	$ 893,569
Contributions in relation to the actuarially determined contribution	1,370,165	1,225,344	1,106,275	893,569
Contribution deficiency (excess)	-	-	-	-
Annual covered payroll	$ 9,525,614	$ 8,833,157	$ 8,185,274	$ 7,047,207
Employer contributions as a percentage of covered payroll	14.38%	13.87%	13.52%	12.68%

NOTES TO SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2013.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis will scale BB.

Other Information:

Notes	There were no benefit changes during the year.

City of Sachse

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Ten Measured Years

		2017
Total OPEB liability		
Service Cost	$	18,810
Interest (on the Total OPEB Liability)		10,028
Effect of plan changes		-
Effect of assumption changes or inputs		-
Effect of economic/demographic (gains) or losses		28,386
Benefit payments		(1,791)
Net Change in Total OPEB Liability		55,433
Total OPEB Liability - Beginning		256,774
Total OPEB Liability - Ending (a)	$	312,207
Covered Payroll	$	8,956,953
Total OPEB Liability as a Percentage of Covered Payroll		3.49%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

[1] This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented .

City of Sachse

SCHEDULE OF OPEB CONTRIBUTIONS [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Ten Fiscal Years

	2018
Actuarially Determined Contribution	$ 11,685
Contributions in relation to the actuarially determined contribution	11,685
Contribution deficiency (excess)	-
Covered payroll	$ 9,525,614
Contributions as a percentage of covered payroll	0.1%

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS

[1] This schedule is presented to illustrate the requirement to show for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented will be shown and ultimately ten years will be presented.

Valuation Timing:	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Discount Rate	3.31%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality:	
Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvments subject to the 3% floor.

Other Information:

Notes	There were no benefit changes during the year.

City of
Sachse

OTHER SUPPLEMENTARY INFORMATION

City of Sachse, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Impact Fees	Street Maintenance	Special Revenue	Total Nonmajor Funds
Assets				
Cash and cash equivalents	$ 2,037,316	$ 395,819	$ 1,090,055	$ 3,523,190
Investments	2,044,124	-	-	2,044,124
Receivables, net	-	71,991	6,626	78,617
Total Assets	4,081,440	467,810	1,096,681	5,645,931
Liabilities				
Accounts payable and accrued liabilities	323,064	-	51,773	374,837
Total Liabilities	323,064	-	51,773	374,837
Fund Balances				
Restricted for:				
Capital projects	3,758,376	-	743,544	4,501,920
Street maintenance	-	467,810	-	467,810
Municipal court	-	-	301,364	301,364
Total Fund Balances	3,758,376	467,810	1,044,908	5,271,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,081,440	$ 467,810	$ 1,096,681	$ 5,645,931

City of Sachse, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	Impact Fees	Street Maintenance	Special Revenue	Total Nonmajor Funds
Revenues				
Sales and use taxes	$ -	$ 401,293	$ -	$ 401,293
Impact and development fees	539,258	-	95,100	634,358
Investment income	66,570	719	5,041	72,330
Franchise and local taxes	-	-	26,992	26,992
Grants and donations	-	-	18,879	18,879
Fines and forfeitures	-	-	12,941	12,941
Total Revenues	605,828	402,012	158,953	1,166,793
Expenditures				
Current operating:				
Public works	-	252,195	-	252,195
Public safety	-	-	20,103	20,103
General government	-	-	8,726	8,726
Culture and recreation	-	-	8,000	8,000
Capital outlay	-	-	138,814	138,814
Total Expenditures	-	252,195	175,643	427,838
Excess (Deficiency) of Revenues Over (Under) Expenditures	605,828	149,817	(16,690)	738,955
Other Financing Sources (Uses)				
Transfers (out)	(3,423,480)	-	-	(3,423,480)
Total Other Financing Sources (Uses)	(3,423,480)	-	-	(3,423,480)
Net Change in Fund Balances	(2,817,652)	149,817	(16,690)	(2,684,525)
Fund Balances - October 1	6,576,028	317,993	1,061,598	7,955,619
Fund Balances - September 30	$ 3,758,376	$ 467,810	$ 1,044,908	$ 5,271,094

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property tax	$ 3,922,133	$ 3,922,133	$ 4,072,717	$ 150,584
Investment income	1,000	1,000	5,700	4,700
Other revenue	-	-	150	150
Total Revenues	3,923,133	3,923,133	4,078,567	155,434
Expenditures				
Debt service:				
Principal	2,330,000	2,330,000	2,330,000	-
Interest	1,433,496	1,433,496	1,433,496	-
Total Expenditures	3,763,496	3,763,496	3,763,496	-
Revenues Over (Under) Expenditures	159,637	159,637	315,071	155,434
Other Financing Sources (Uses)				
Premium on bond issue	-	-	3,393	3,393
Bond costs	(3,500)	(3,500)	(3,156)	344
Total Other Financing Sources (Uses)	(3,500)	(3,500)	237	3,737
Net Change in Fund Balances	$ 156,137	$ 156,137	315,308	$ 159,171
Fund Balances, October 1			460,734	
Fund Balances, September 30			$ 776,042	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEES FUND
For the Year Ended September 30, 2018

	Budgeted Amounts			Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Impact and development fees	$ 525,000	$ 525,000	$ 539,258	$ 14,258
Investment income	15,000	15,000	66,570	51,570
Total Revenues	540,000	540,000	605,828	65,828
Other Financing Sources (Uses)				
Transfers out	(600,000)	(600,000)	(3,423,480)	(2,823,480)
Total Other Financing Sources (Uses)	(600,000)	(600,000)	(3,423,480)	(2,823,480)
Net Change in Fund Balances	$ (60,000)	$ (60,000)	(2,817,652)	$ (2,757,652)
Fund Balances, October 1			6,576,028	
Fund Balances, September 30			$ 3,758,376	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 350,000	$ 350,000	$ 401,293	$ 51,293
Investment income	350	350	719	369
Total Revenues	350,350	350,350	402,012	51,662
Expenditures				
Public works	422,600	422,600	252,195	170,405
Total Expenditures	422,600	422,600	252,195	170,405
Net Change in Fund Balances	$ (72,250)	$ (72,250)	149,817	$ 222,067
Fund Balances, October 1			317,993	
Fund Balances, September 30			$ 467,810	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Development fees	$ -	$ -	$ 95,100	$ 95,100
Grants and donations	-	-	18,879	18,879
Franchise and local taxes	20,000	20,000	26,992	6,992
Fines and forfeitures	21,500	21,500	12,941	(8,559)
Investment income	860	860	5,041	4,181
Total Revenues	42,360	42,360	158,953	116,593
Expenditures				
General government				
City manager	50,000	50,000	8,727	41,273
Municipal court	41,000	41,000	2,772	38,228
Public safety				
Police	23,000	23,000	8,367	14,633
Fire and ambulance	5,000	5,000	8,963	(3,963)
Animal control	10,000	10,000	-	10,000
Culture and recreation	-	-	8,000	(8,000)
Capital outlay	-	98,000	138,814	(40,814)
Total Expenditures	129,000	227,000	175,643	51,357
Revenues Over (Under) Expenditures	(86,640)	(184,640)	(16,690)	167,950
Net Change in Fund Balances	$ (86,640)	$ (184,640)	(16,690)	$ 167,950
Fund Balances, October 1			1,061,598	
Fund Balances, September 30			$ 1,044,908	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

BALANCE SHEET

DISCRETELY PRESENTED ECONOMIC DEVELOPMENT CORPORATION

September 30, 2018

	Economic Development Corporation
Assets	
Cash and cash equivalents	$ 915,874
Receivables (net)	528,846
Prepaids	2,269
Advances to other governments	971,846
Assets held for sale	2,197,982
Total Assets	4,616,817
Liabilities	
Accounts payable and accrued liabilities	11,956
Accrued compensated absences	2,772
Total Liabilities	14,728
Fund Balances	
Non-spendable	3,172,097
Unassigned	1,429,992
Total Fund Balances	4,602,089
Total Liabilities and Fund Balances	$ 4,616,817

City of Sachse, Texas

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DISCRETELY PRESENTED ECONOMIC DEVELOPMENT CORPORATION
September 30, 2018

Total Fund Balances	$ 4,602,089
Amounts reported for governmental activities in the Statement of Net Position that are different at the fund level.	-
Net Position of Governmental Activities - Statement of Net Position	$ 4,602,089

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2018

	Economic Development Corporation
Revenues	
Sales and use tax	$ 802,305
Investment income	5,293
Other revenue	400,505
Total Revenues	1,208,103
Expenditures	
Current operating:	
Personnel costs	200,491
Community contributions	201,695
Administration	75,626
Professional fees	72,907
Economic development	10,476
Dues and subscriptions	7,522
Supplies and materials	6,646
Total Expenditures	575,363
Excess (Deficiency) of Revenues Over (Under) Expenditures	632,740
Changes in Fund Balances	632,740
Fund Balances - October 1	3,969,349
Fund Balances - September 30	$ 4,602,089

City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$	632,740
Amounts reported for governmental activities in the Statement of Activities that are different at the fund level.		-
Change in Net Position of Governmental Activities - Statement of Activities	$	632,740

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 700,000	$ 700,000	$ 802,305	$ 102,305
Investment income	1,500	1,500	5,293	3,793
Other income	-	-	400,505	400,505
Total Revenues	701,500	701,500	1,208,103	506,603
Expenditures				
Economic development	699,549	701,609	575,363	126,246
Total Expenditures	699,549	701,609	575,363	126,246
Changes in Fund Balances	$ 1,951	$ (109)	632,740	$ 380,357
Beginning Fund Balances			3,969,349	
Ending Fund Balances			$ 4,602,089	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

BALANCE SHEET

DISCRETELY PRESENTED MUNICIPAL DEVELOPMENT DISTRICT

September 30, 2018

	Municipal Development District
Assets	
Cash and cash equivalents	$ 115,732
Receivables (net)	62,122
Total Assets	177,854
Liabilities	
Accounts payable and accrued liabilities	-
Total Liabilities	-
Fund Balances	
Unassigned	177,854
Total Fund Balances	177,854
Total Liabilities and Fund Balances	$ 177,854

City of Sachse, Texas

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DISCRETELY PRESENTED MUNICIPAL DEVELOPMENT DISTRICT
September 30, 2018

Total Fund Balances	$	177,854
Amounts reported for governmental activities in the Statement of Net Position that are different at the fund level.		-
Net Position of Governmental Activities - Statement of Net Position	$	177,854

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED MUNICIPAL DEVELOPMENT DISTRICT
For the Year Ended September 30, 2018

	Municipal Development District
Revenues	
Sales and use tax	$ 177,854
Total Revenues	177,854
Expenditures	
Current operating	-
Total Expenditures	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,854
Changes in Fund Balances	177,854
Fund Balances - October 1	-
Fund Balances - September 30	$ 177,854

City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED MUNICIPAL DEVELOPMENT DISTRICT
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$	177,854
Amounts reported for governmental activities in the Statement of Activities that are different at the fund level.		-
Change in Net Position of Governmental Activities - Statement of Activities	$	177,854

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED MUNICIPAL DEVELOPMENT DISTRICT
For the Year Ended September 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ -	$ -	$ 177,854	$ 177,854
Total Revenues	-	-	177,854	177,854
Expenditures				
Municipal development	-	-	-	-
Total Expenditures	-	-	-	-
Changes in Fund Balances	$ -	$ -	177,854	$ 177,854
Beginning Fund Balances			-	
Ending Fund Balances			$ 177,854	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
September 30, 2018

	Health Insurance
Assets	
Cash and cash equivalents	$ 347,373
Total Assets	347,373
Liabilities	
Accounts payable and accrued liabilities	5,328
Total Liabilities	5,328
Net Position	
Unrestricted	342,045
Total Net Position	$ 342,045

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended September 30, 2018

	Health Insurance
Operating Revenues	
Charges for services - benefits management	$ 1,173,323
Total Operating Revenues	1,173,323
Operating Expenses	
Health insurance	1,219,295
Total Operating Expenses	1,219,295
Operating Income	(45,972)
Nonoperating Revenues (Expenses)	
Investment income	906
Total Nonoperating Revenues (Expenses)	906
Change in Net Position	(45,066)
Beginning net position	387,111
Ending Net Position	$ 342,045

City of Sachse, Texas

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended September 30, 2018

	Health Insurance
Cash Flows from Operating Activities	
Receipts from interfund charges for benefits management	$ 1,173,323
Payments to suppliers	(1,216,672)
Net Cash (Used for) Operating Activities	(43,349)
Cash Flows from Investing Activities	
Interest on investments	906
Net Cash Provided by Investing Activities	906
Net Increase in Cash and Cash Equivalents	(42,443)
Beginning cash and cash equivalents	389,816
Ending Cash and Cash Equivalents	$ 347,373

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	**Page**
Financial Trends	**114**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	**120**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	**132**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	**137**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	**142**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Sachse, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	$ 39,684,306	$ 39,406,692	$ 36,887,507	$ 36,691,052
Restricted	6,450,181	4,351,532	5,622,243	12,723,690
Unrestricted	3,466,887	3,306,201	3,560,788	2,628,448
Total Governmental Activities Net Position	49,601,374	47,064,425	46,070,538	52,043,190
Business-type Activities				
Net investment in capital assets	18,430,141	17,765,521	16,769,366	16,223,230
Unrestricted	4,071,282	3,602,007	3,051,716	3,442,913
Total Business-type Activities Net Position	22,501,423	21,367,528	19,821,082	19,666,143
Primary Government				
Net investment in capital assets	58,114,447	57,172,213	53,656,873	52,914,282
Restricted	6,450,181	4,351,532	5,622,243	12,723,690
Unrestricted	7,538,169	6,908,208	6,612,504	6,071,361
Total Primary Government Net Position	$ 72,102,797	$ 68,431,953	$ 65,891,620	$ 71,709,333

2013	2014	2015	2016	2017	2018
$ 37,377,384	$ 48,982,879	$ 49,395,981	$ 52,071,872	$ 50,617,047	$ 57,841,667
14,002,442	9,721,020	11,827,722	8,618,633	13,205,846	6,532,389
3,436,221	(1,414,544)	(519,752)	4,049,157	4,306,816	3,612,284
54,816,047	57,289,355	60,703,951	64,739,662	68,129,709	67,986,340
16,169,507	18,603,126	18,802,635	20,509,338	20,802,006	26,313,666
2,600,084	2,586,599	4,232,573	7,450,081	9,203,735	9,471,819
18,769,591	21,189,725	23,035,208	27,959,419	30,005,741	35,785,485
53,546,891	67,586,005	68,198,616	72,581,210	71,419,053	84,155,333
14,002,442	9,721,020	11,827,722	8,618,633	13,205,846	6,532,389
6,036,305	1,172,055	3,712,821	11,499,238	13,510,551	13,084,103
$ 73,585,638	$ 78,479,080	$ 83,739,159	$ 92,699,081	$ 98,135,450	$ 103,771,825

City of Sachse, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General government	$ 2,306,206	$ 2,234,555	$ 2,650,864	$ 2,914,720
Public safety	5,196,405	5,529,604	5,990,913	5,609,669
Public works	5,322,948	5,182,386	3,489,615	3,413,399
Culture and recreation	1,365,603	1,234,883	1,343,744	1,354,401
Community development	617,616	630,764	627,009	522,175
Interest and fiscal charges	1,463,452	1,932,003	1,910,952	1,877,579
Total Government Activities	16,272,230	16,744,195	16,013,097	15,691,943
Business-Type Activities				
Water and sewer	5,487,160	5,952,236	6,645,238	6,474,428
Total Business-Type Activities	5,487,160	5,952,236	6,645,238	6,474,428
Total Primary Government	$ 21,759,390	$ 22,696,431	$ 22,658,335	$ 22,166,371
Program Revenue				
Governmental Activities:				
Charge for services:				
General government	$ 334,331	$ 63,958	$ 88,284	$ 99,268
Public safety	500,042	508,356	475,200	569,403
Public works	83,002	91,740	2,997	-
Culture and recreation	71,839	70,160	70,676	-
Community development	136,128	361,538	376,788	672,699
Operating grants and contributions	124,155	128,218	146,815	7,414,865
Capital grants and contributions	78,763	272,333	293,001	733,599
Total Governmental Activities	1,328,260	1,496,303	1,453,761	9,489,834
Business-Type Activities				
Charge for services:				
Water and sewer	4,384,868	4,866,712	4,863,884	5,273,953
Capital grants and contributions	1,900,735	909,613	1,127,986	385,859
Total Business-Type Activities	6,285,603	5,776,325	5,991,870	5,659,812
Total Primary Government	$ 7,613,863	$ 7,272,628	$ 7,445,631	$ 15,149,646
Net (Expense)/Revenue				
Governmental activities	$ (14,943,970)	$ (15,247,892)	$ (14,559,336)	$ (6,202,109)
Business-Type activities	798,443	(175,911)	(653,368)	(814,616)
Total Primary Government	$ (14,145,527)	$ (15,423,803)	$ (15,212,704)	$ (7,016,725)

2013	2014	2015	2016	2017	2018
$ 2,837,444	$ 2,332,316	$ 2,330,847	$ 2,500,102	$ 2,526,665	$ 2,869,526
5,858,865	6,176,967	6,854,653	8,191,197	9,144,006	9,736,773
3,654,946	3,914,293	4,415,483	5,056,488	5,639,697	5,489,736
1,359,697	1,427,948	1,557,475	1,739,147	1,903,914	1,969,689
591,605	616,439	677,184	900,457	833,629	835,209
1,829,322	1,802,117	2,022,071	2,105,723	1,193,484	1,563,657
16,131,879	16,270,080	17,857,713	20,493,114	21,241,395	22,464,590
6,241,148	6,590,497	7,238,771	8,128,858	8,946,369	9,104,714
6,241,148	6,590,497	7,238,771	8,128,858	8,946,369	9,104,714
$ 22,373,027	$ 22,860,577	$ 25,096,484	$ 28,621,972	$ 30,187,764	$ 31,569,304
$ 24,005	$ 13,702	$ 10,750	$ 720	$ -	$ -
791,140	952,056	871,054	596,562	845,462	1,136,924
975,880	1,458,819	1,216,081	1,315,780	739,151	539,258
-	-	-	-	264,852	205,363
717,682	1,055,577	1,804,213	1,169,517	1,189,194	1,223,216
763,815	7,587	521,003	744,975	20,832	18,879
927,450	5,054,515	1,745,994	4,913,651	2,754,486	839,290
4,199,972	8,542,256	6,169,095	8,741,205	5,813,977	3,962,930
7,029,639	6,866,641	9,137,569	10,382,099	11,384,202	13,532,977
477,579	2,019,038	1,233,994	2,810,315	1,047,236	82,530
7,507,218	8,885,679	10,371,563	13,192,414	12,431,438	13,615,507
$ 11,707,190	$ 17,427,935	$ 16,540,658	$ 21,933,619	$ 18,245,415	$ 17,578,437
$ (11,931,907)	$ (7,727,824)	$ (11,688,618)	$ (11,751,909)	$ (15,427,418)	$ (18,501,660)
1,266,070	2,295,182	3,132,792	5,063,556	3,485,069	4,510,793
$ (10,665,837)	$ (5,432,642)	$ (8,555,826)	$ (6,688,353)	$ (11,942,349)	$ (13,990,867)

City of Sachse, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2009	2010	2011	2012
General Revenues				
Governmental Activities:				
Taxes:				
Property taxes	$ 7,304,775	$ 8,526,042	$ 8,614,447	$ 9,476,356
Sales and other taxes	3,537,454	2,965,927	3,735,391	1,786,926
Investment earnings	420,591	279,896	50,297	35,398
Other income	113,067	75,326	5,473	30,161
Transfers, net	414,607	863,752	1,159,841	1,177,341
Total Governmental Activities	11,790,494	12,710,943	13,565,449	12,506,182
Business-Type Activities:				
Investment earnings	64,398	22,281	3,010	2,985
Other income	-	-	3,069	-
Intergovernmental Revenue	-	-	-	-
Extraordinary Items	-	-	-	-
Transfers, net	(414,607)	(863,752)	(1,159,841)	(1,177,341)
Total Business-Type Activities	(350,209)	(841,471)	(1,153,762)	(1,174,356)
Total Primary Government Revenues	$ 11,440,285	$ 11,869,472	$ 12,411,687	$ 11,331,826
Change in Net Position				
Governmental Activities:	$ (3,153,476)	$ (2,536,949)	$ (993,887)	$ 6,304,073
Business-Type Activities:	448,234	(1,017,382)	(1,807,130)	(1,988,972)
Expenses	$ (2,705,242)	$ (3,554,331)	$ (2,801,017)	$ 4,315,101

2013	2014	2015	2016	2017	2018
$ 9,560,239	$ 9,951,685	$ 10,938,125	$ 12,296,608	$ 13,982,042	$ 15,674,089
1,873,822	2,390,224	2,790,620	3,024,925	3,094,029	3,305,196
30,518	30,724	33,900	50,842	117,382	388,860
80,843	280,569	51,290	268,740	107,470	168,853
1,252,689	(263,672)	1,289,279	146,505	1,516,542	(947,605)
12,798,111	12,389,530	15,103,214	15,787,620	18,817,465	18,589,393
3,934	837	1,970	7,160	77,795	338,741
271,595	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,252,689)	263,672	(1,289,279)	(146,505)	(1,516,542)	947,605
(977,160)	264,509	(1,287,309)	(139,345)	(1,438,747)	1,286,346
$ 11,820,951	$ 12,654,039	$ 13,815,905	$ 15,648,275	$ 17,378,718	$ 19,875,739
$ 866,204	$ 4,661,706	$ 3,414,596	$ 4,035,711	$ 3,390,047	$ 87,733
288,910	2,559,691	1,845,483	4,924,211	2,046,322	5,797,139
$ 1,155,114	$ 7,221,397	$ 5,260,079	$ 8,959,922	$ 5,436,369	$ 5,884,872

City of Sachse, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
General Fund:				
Reserved	$ 1,694	$ 49,815	$ -	$ -
Unreserved	3,344,798	3,051,597	-	-
Nonspendable	-	-	14,716	324,106
Assigned	-	-	-	-
Unassigned	-	-	3,194,885	3,490,845
Total General Fund	$ 3,346,492	$ 3,101,412	$ 3,209,601	$ 3,814,951
All Other Government Funds:				
Reserved for:				
Debt service	$ -	$ 574,621	$ -	$ -
Unreserved, reported in:				
Special revenue funds	379,137	235,652	-	-
Debt service	(690,180)	-	-	-
Capital projects funds	32,400,420	14,410,810	-	-
Restricted	-	-	14,330,073	12,723,690
Committed	-	-	578,537	-
Assigned	-	-	-	-
Unassigned	-	-	(1,129,437)	(711,923)
Total All Other Governmental Funds	$ 32,089,377	$ 15,221,083	$ 13,779,173	$ 12,011,767

Note: The City implemented GASB Statement 54 in fiscal year 2011.

2013	2014	2015	2016	2017	2018
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
28,231	72,675	101,621	21,970	39,463	22,833
-	450,000	54,000	186,340	-	-
4,631,243	5,568,904	6,546,528	7,723,757	8,829,452	8,640,784
$ 4,659,474	$ 6,091,579	$ 6,702,149	$ 7,932,067	$ 8,868,915	$ 8,663,617

$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,002,442	10,226,460	11,827,722	13,093,851	12,911,936	21,735,771
-	-	-	-	-	-
-	-	-	186,340	293,910	625,976
(707,251)	(614,301)	(472,960)	(1,623,821)	(1,551,439)	(1,477,110)
$ 13,295,191	$ 9,612,159	$ 11,354,762	$ 11,656,370	$ 11,654,407	$ 20,884,637

City of Sachse, Texas

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Property taxes	$ 7,305,974	$ 8,528,384	$ 8,600,635	$ 9,477,053
Sales and other taxes	3,537,454	2,965,927	4,031,480	1,786,926
License, permits, & fees	782,354	775,583	690,092	967,914
Grants and contributions	130,534	314,184	387,770	7,414,865
Fines and forfeitures	342,592	302,285	315,807	368,027
Impact and development fees	72,578	86,367	52,046	54,069
Investment Income	420,591	279,896	50,297	35,398
Other revenue	130,928	89,991	28,301	30,161
Total Revenues	12,723,005	13,342,617	14,156,428	20,134,413
Expenditures				
General government	1,295,664	1,185,963	1,274,628	1,289,341
Public safety	4,912,048	5,143,852	5,374,003	5,011,291
Public works	1,263,757	1,360,400	1,309,120	1,300,324
Culture and recreation	4,567,958	1,078,422	1,098,286	1,109,565
Community development	611,220	625,773	623,017	518,934
Nondepartmental	989,802	1,025,096	1,063,452	1,094,219
Debt Service:				
Principal	599,591	730,000	865,000	945,000
Interest	1,202,984	1,918,372	1,891,787	1,862,385
Bond issuance costs	301,417	573	573	-
Capital outlay	4,118,191	18,492,611	3,187,154	9,342,751
Total Expenditures	19,862,632	31,561,062	16,687,020	22,473,810
Revenues Over (Under) Expenditures	(7,139,627)	(18,218,445)	(2,530,592)	(2,339,397)
Other Financing Sources (Uses)				
Transfers in	456,521	589,661	2,233,667	1,642,521
Transfers (out)	(4,729)	(175,054)	(1,369,915)	(778,769)
Debt issued	6,130,000	34,560,000	-	-
Premium on bonds issued	51,518	411,052	-	-
Discount on bonds issued	(70,219)	(415,403)	-	-
Payment to refunded escrow agent	-	(2,624,122)	-	-
Sale of capital assets	-	1,783	-	-
Total Other Financing Sources (Uses)	6,563,091	32,347,917	863,752	863,752
Net Change in Fund Balances	$ (576,536)	$ 14,129,472	$ (1,666,840)	$ (1,475,645)
Ratio of total debt services expenditures to noncapital	13%	20%	20%	21%

Note: With the adoption of GASB 63 which issued a change in accounting principles, bond issuance costs have been expensed.

2013	2014	2015	2016	2017	2018
$ 9,568,319	$ 9,944,708	$ 10,928,163	$ 12,260,047	$ 14,034,836	$ 15,676,744
1,873,822	2,390,224	2,790,620	3,024,925	3,094,029	3,305,196
1,338,304	1,830,459	1,612,769	1,743,628	1,598,993	1,814,494
941,473	183,780	710,470	974,489	321,583	18,879
430,191	556,379	458,477	291,926	252,614	270,817
569,111	910,006	1,657,973	1,022,593	883,250	95,100
30,518	30,669	33,900	50,842	117,228	387,954
80,843	280,569	51,290	271,595	92,796	968,855
14,832,581	16,126,794	18,243,662	19,640,045	20,395,329	22,538,039
1,260,611	1,313,993	1,601,990	1,565,175	1,425,250	1,510,028
5,470,231	5,278,726	6,274,349	7,466,728	8,293,828	8,963,876
1,470,995	1,344,008	1,781,872	1,882,251	2,626,166	2,263,665
1,140,846	1,114,822	1,269,794	1,455,952	1,564,719	1,631,189
588,698	569,864	673,506	831,719	828,351	827,741
1,112,937	437,015	493,412	564,368	669,168	769,629
1,035,000	1,125,000	1,195,000	1,325,000	2,325,000	2,330,000
1,831,270	1,799,446	1,762,998	1,672,947	1,186,303	1,435,602
-	-	177,355	372,256	-	105,000
1,538,289	4,141,606	2,129,457	2,445,778	2,072,876	3,722,165
15,448,877	17,124,480	17,359,733	19,582,174	20,991,661	23,558,895
(616,296)	(997,686)	883,929	57,871	(596,332)	(1,020,856)
2,739,122	1,708,777	1,289,279	1,841,302	3,948,013	5,089,835
(1,561,781)	(2,668,521)	-	(1,694,797)	(2,431,471)	(6,037,440)
-	-	9,470,000	21,225,000	-	10,590,000
-	-	458,338	2,204,516	-	318,393
-	-	-	-	-	-
-	-	(9,748,373)	(21,733,392)	-	-
-	-	-	-	14,675	85,000
1,177,341	(959,744)	1,469,244	1,842,629	1,531,217	10,045,788
$ 561,045	$ (1,957,430)	$ 2,353,173	$ 1,900,500	$ 934,885	$ 9,024,932
21%	23%	21%	20%	19%	20%

City of
Sachse

City of Sachse, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	1,247,325,789	31,837,705	65,308,411	1,213,855,083	0.61000
2010	1,269,254,588	28,781,053	104,232,665	1,193,802,976	0.70582
2011	1,296,895,777	29,326,411	92,056,890	1,234,165,298	0.70582
2012	1,305,838,280	29,242,328	96,519,435	1,238,561,173	0.77082
2013	1,320,191,067	30,495,096	101,886,747	1,248,799,416	0.77082
2014	1,373,728,433	31,359,625	104,461,382	1,300,626,676	0.77082
2015	1,494,745,899	37,218,335	107,372,189	1,424,592,045	0.77082
2016	1,767,124,588	49,699,237	181,214,076	1,635,609,749	0.75728
2017	2,052,733,263	50,389,046	229,837,342	1,873,284,967	0.75728
2018	2,345,662,930	52,517,764	239,585,005	2,158,595,689	0.74728

Note: Tax rates per $100 of assessed valuation.

Source: City of Sachse Budget Document.
Dallas & Collin Central Appraisal Districts.

City of Sachse, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2009	2010	2011	2012
Direct Rates:				
City of Sachse - Operating	0.49758	0.51389	0.51389	0.53389
City of Sachse - Debt Service	0.05582	0.09611	0.19193	0.17193
Total Direct Rate	0.55340	0.61000	0.70582	0.70582
Overlapping Rates:				
Garland Independent School District	1.25330	1.25330	1.25330	1.25330
Dallas County	0.56721	0.57643	0.60221	0.62333
Total Dallas County Entities	1.82051	1.82973	1.85551	1.87663
Wylie Independent School District	1.39000	1.51000	1.59000	1.64000
Collin County	0.33198	0.32899	0.32880	0.32630
Total Collin County Entities	1.72198	1.83899	1.91880	1.96630

Tax rates per $100 of assessed valuation.

Source: Dallas & Collin Central Appraisal Districts and City records.

2013	2014	2015	2016	2017	2018
0.59889	0.56889	0.55903	0.57228	0.56200	0.55307
0.17193	0.20193	0.21179	0.18500	0.19528	0.19421
0.77082	0.77082	0.77082	0.75728	0.75728	0.74728
1.25330	1.25330	1.25330	1.35330	1.46000	0.14600
0.62377	0.64341	0.65388	0.66275	0.65470	0.65674
1.87707	1.89671	1.90718	2.01605	2.11470	0.80274
1.64000	1.64000	1.64000	1.64000	1.64000	1.64000
0.32630	0.32630	0.31696	0.30696	0.28962	0.27206
1.96630	1.96630	1.95696	1.94696	1.92962	1.91206

City of
Sachse

City of Sachse, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

	2018			2008		
Tax Payer	**Taxable Assessed Value**	**Rank**	**Percentage of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Taxable Assessed Value**
Woodbridge LP	$ 53,367,100	1	2.47%		n/a	
Woodbridge Villas, LLC	23,891,676	2	1.11%	$ 14,271,567	1	1.26%
LIPT Oak Grove LLC	17,928,900	3	0.83%		n/a	
Wal-Mart Real Estate Business Trust	12,632,812	4	0.59%		n/a	
Wal-Mart Stores Texas, LLC	8,603,871	5	0.40%		n/a	
Realty Income Properties 27, LLC	7,168,497	6	0.33%		n/a	
Clermont Avenue IV LLC	6,796,239	7	0.31%		n/a	
Oncor Electric Delivery	6,530,620	8	0.30%	5,316,520	2	0.47%
DREH, LLC	5,876,380	9	0.27%		n/a	
Integral Woodbridge, LLC	4,073,260	10	0.19%		n/a	
Woodbridge 1314 Ltd.		n/a		5,239,000	3	0.46%
Woodbridge Shopping Center		n/a		4,459,920	4	0.39%
Realty Association of Iowa Corp		n/a		3,531,175	5	0.31%
Realty Association of Iowa Corp		n/a		3,463,028	6	0.31%
Verizon		n/a		3,410,710	7	0.30%
Woodbridge Property, Inc.		n/a		2,598,918	8	0.23%
MW NTB Sachs LP		n/a		2,406,780	9	0.21%
Woodbridge Property, Inc.		n/a		2,356,380	10	0.21%
Total	$ 146,869,355		6.80%	$ 47,053,998		4.15%
Total Assessed Valuation	$ 2,158,595,689		100.00%	$ 1,132,560,840		100.00%

Source: Tax Office.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

City of Sachse, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	2009	2010	2011	2012
Tax levy	$ 7,227,992	$ 8,471,702	$ 8,603,645	$ 9,444,654
Current tax collected	$ 7,217,309	$ 8,446,396	$ 8,510,978	$ 9,389,230
Percent of current tax collections	99.85%	99.70%	98.92%	99.41%
Delinquent tax collections	$ 3,072	$ 17,234	$ 72,627	$ 41,819
Total tax collections	$ 7,220,381	$ 8,463,630	$ 8,583,605	$ 9,431,049
Total collections as a percentage of levy	99.9%	99.9%	99.8%	99.9%

Source: Dallas and Collin County reports.

2013	2014	2015	2016	2017	2018
$ 9,599,026	$ 9,864,675	$ 10,773,241	$ 12,186,445	$ 13,926,966	$ 15,368,350
$ 9,443,766	$ 9,762,321	$ 10,646,371	$ 12,161,606	$ 13,838,736	$ 15,488,571
98.38%	98.96%	98.82%	99.80%	99.37%	100.78%
$ 120,172	$ 57,015	$ 128,710	$ 81,974	$ 41,390	$ -
$ 9,563,938	$ 9,818,336	$ 10,775,081	$ 12,243,580	$ 13,880,126	$ 15,488,571
99.6%	99.5%	100.0%	100.5%	99.7%	100.8%

City of Sachse, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2009	2010	2011	2012
Governmental activities:				
General Obligation Bonds	$ 40,510,000	$ 39,935,000	$ 39,235,000	$ 38,455,000
Discounts	(54,672)	(45,147)	(35,622)	(26,097)
Certificates of Obligation	1,235,000	1,080,000	915,000	750,000
Tax Note	-	-	-	-
Business-type activities:				
General Obligation Bonds	-	-	-	-
Certificates of Obligation	1,375,000	1,295,000	1,210,000	1,120,000
Total primary government	$ 43,065,328	$ 42,264,853	$ 41,324,378	$ 40,298,903
Percentage of personal income (1)	9.00%	8.14%	7.87%	6.24%
Per capita (1)	2,223	2,015	1,950	1,905

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 135.

2013	2014	2015	2016	2017	2018
$ 37,595,000	$ 36,575,000	$ 36,915,000	$ 35,665,000	$ 33,500,000	$ 31,575,000
(16,572)	(15,463)	(14,354)	(4,829)	(3,720)	(2,611)
575,000	470,000	-	-	-	10,350,000
-	-	-	1,200,000	1,040,000	875,000
-	-	-	620,000	12,670,000	12,490,000
1,030,000	935,000	835,000	110,000	620,000	500,000
$ 39,183,428	$ 37,964,537	$ 37,735,646	$ 37,590,171	$ 47,826,280	$ 55,787,389
6.00%	5.09%	4.50%	4.48%	5.10%	5.92%
1,836	1,559	1,553	1,526	1,905	2,237

City of Sachse, Texas

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2009	2010	2011	2012
NET TAXABLE ASSESSED VALUE				
All Property	$ 1,213,855,083	$ 1,193,802,976	$ 1,234,165,298	$ 1,238,561,173
NET BONDED DEBT (1)				
Gross bonded debt	41,745,000	41,015,000	40,114,335	39,171,211
Less debt service funds	-	-	-	-
Net Bonded Debt	$ 41,745,000	$ 41,015,000	$ 40,114,335	$ 39,171,211
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	3.44%	3.44%	3.25%	3.16%
POPULATION	18,750	20,329	20,570	20,570
NET BONDED DEBT PER CAPITA	2,226	2,018	1,950	1,904

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) This is the general bonded debt of both governmental and business-type activities, net the original issuance discounts and premiums.

2013	2014	2015	2016	2017	2018
$ 1,248,799,416	$ 1,300,626,676	$ 1,424,592,045	$ 1,635,609,749	$ 1,873,284,967	$ 2,158,595,689
38,153,428	37,029,537	36,900,646	37,480,171	35,156,280	55,790,000
-	-	-	-	-	-
$ 38,153,428	$ 37,029,537	$ 36,900,646	$ 37,480,171	$ 35,156,280	$ 55,790,000
3.06%	2.85%	2.59%	2.29%	1.88%	2.58%
20,780	23,756	23,756	24,554	24,777	24,720
1,836	1,559	1,553	1,526	1,419	2,257

City of Sachse, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2018

Governmental Unit	Gross Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Wylie I.S.D.	$ 271,296,564	12.43%	$ 33,722,163
Garland I.S.D.	595,540,090	6.44%	38,352,782
Collin County	319,710,000	0.64%	2,046,144
Dallas County	172,265,000	0.49%	844,099
Dallas County Hospital District	687,775,000	0.49%	3,370,098
Dallas County Schools	36,600,000	0.49%	179,340
Collin County Community College District	246,415,000	0.64%	1,577,056
Dallas County Community College District	228,350,000	0.49%	1,118,915
Subtotal, overlapping debt			$ 81,210,596
City direct debt			$ 55,790,000
Total direct and overlapping debt			$ 137,000,596

Source: Taxing Entities and City, Dallas Central Appraisal District, and Collin County Appraisal District.

City of Sachse, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Estimated Population [1]	Personal Income	Per Capita Personal Income [2]	School Enrollment [3]		Unemployment Rate [4]	
				Garland ISD	Wylie ISD	Dallas County	Collin County
2009	18,750	478,687,500	25,530	57,000	11,402	8.7%	7.8%
2010	20,329	518,999,370	25,530	57,861	11,349	8.7%	7.3%
2011	20,570	525,152,100	25,530	57,833	12,548	8.4%	7.1%
2012	20,570	646,206,550	31,415	58,151	12,939	6.7%	5.7%
2013	20,780	652,803,700	31,415	58,059	13,305	6.9%	6.4%
2014	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%
2015	23,756	837,779,096	35,266	57,436	14,557	4.1%	3.5%
2016	24,554	839,648,584	34,196	58,059	14,280	4.1%	3.7%
2017	24,777	937,214,802	37,826	58,059	15,138	3.4%	3.3%
2018	24,720	942,870,240	38,142	57,517	16,466	3.6%	3.2%

Sources:

1 Estimated population provided by the Texoma Council of Governments.

2 Per Capita Income provided by North Central Texas Council of Governments.

3 Enrollment provided by Garland and Wylie Independent School Districts.

4 Unemployment information provided by the Texas Workforce Commission.

City of Sachse, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year and Ten Years Ago

	2018			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Garland ISD	500	1	3.71%	160	1	3.20%
Wal-Mart Supercenter	312	2	2.31%		n/a	
City of Sachse	159	3	1.18%	136	2	2.72%
Wylie ISD	136	4	1.01%	120	3	2.40%
Kroger	120	5	0.89%	70	4	1.40%
Whataburger	64	6	0.47%		n/a	
McDonald's	45	7	0.33%		n/a	
Oxford Glen Memory Care	40	8	0.30%		n/a	
LA Fitness	37	9	0.27%		n/a	
Sachse Vet Hospital	20	10	0.15%		n/a	
First Bank		n/a		20	5	0.40%
Metro Store		n/a		20	6	0.40%
Marshall Cabinets		n/a		15	7	0.30%
TPC Electric		n/a		15	8	0.30%
Sachse Veterinary Clinic		n/a		12	9	0.24%
American National Bank		n/a		12	10	0.24%
Total	1,433		10.63%	580		11.60%
Total City Employment	13,483			5,000		

Source: Top ten employers and employee count provided by Sachse Economic Development Corporation.

City of Sachse, Texas

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM [a]

Last Ten Fiscal Years

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government and administration	12	12	12	11	11	11	11	11	11	11
Public safety	67	66	69	79	79	80	85	82	88	89
Public works	12	12	12	11	11	11	10	10	11	11
Culture and recreation	14	14	15	16	16	16	15	15	16	16
Water and sewer	20	20	20	20	20	20	21	21	21	22
Community development	12	12	12	11	11	11	11	12	11	11
Economic development	1	1	1	1	1	1	1.5	1.5	1.5	2.5
Total	138	137	141	149	149	150	154.5	152.5	159.5	162.5

Sources: Various City departments.

[a] FTE employees reported beginning 2010. All prior years represent positions.

City of Sachse, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013
Public Safety					
Police					
Number of Employees	43	50	48	48	44
Number of Violations (Citations)	2,844	2,068	2,160	2,568	1,260
Fire					
Number of Employees [a]	24	36	44	44	34
Number of Volunteers	0	0	0	0	0
Number of Fire runs	741	333	340	197	456
Number of EMS runs	424	683	732	811	766
Public Works					
Streets (miles)	122	122	125	125	130
Building Permits Issued	135	138	89	135	135
Cultural and Recreational					
Parks and Recreation					
Park maintain & operate per acre	110	114	114	139	149
Participants in Parks Programs [b]	3,952	4,446	4,660	5,010	5,109
Participants in Senior Program	13,027	15,142	15,392	15,700	18,455
Library					
Volumes in Collection	31,757	36,484	38,161	38,761	40,169
Water and Sewer					
Number of Water Connections	6,804	6,949	7,121	7,285	7,239
Number of Sewer Connections	6,427	6,590	6,743	6,874	6,999
Average Daily Water Consumption [c]	2.484	2.560	3,146	2,464	2,509
Maximum Storage Capacity [c]	6.9	6.9	6.9	6.9	6.9

Source: City Departments

Notes: N/A - Data not Available.

[a] Fire Department Administration and EMS Staff.

[b] Parks program organized in 2004.

[c] Millions of gallons.

2014	2015	2016	2017	2018
50	50	52	51	51
2,246	3,846	1,879	2,155	2,272
34	35	35	36	37
0	0	0	0	0
272	394	600	705	819
802	909	1,187	1,359	1,358
135	135	135	137	137
246	275	289	291	219
149	152	152	156	156
5,186	5,480	9,600	9,750	10,043
19,500	20,445	23,455	26,600	39,858
43,935	41,203	41,470	41,948	42,750
7,370	7,950	8,239	8,472	8,507
7,113	7,468	7,384	7,972	8,105
2.776	2.412	2.573	2,386	2,814
6.9	6.9	6.9	6.9	6.9

City of Sachse, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal years

Function/Program	2009	2010	2011	2012	2013	2014
Public Safety						
Police Stations	1	1	1	1	1	1
Police Patrol Units	17	17	22	25	25	25
Fire Stations	2	2	2	2	2	2
Police Motorcycle Units	2	2	2	2	2	2
Public Works						
Streets-Paved (miles)	122	122	125	125	130	135
Cultural and Recreational						
Parks (acres)	110	114	114	139	149	154
Playgrounds[a]	5	5	5	5	5	5
Library	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1
Water and Sewer						
Fire Hydrants	753	753	770	786	865	933
Ground Storage Facilities	2	2	2	2	2	4
Elevated Storage Facilities	2	2	2	2	2	2
Lift Stations	4	4	4	4	4	4

Source: Various City Departments

Notes: [a] Does not include HOA playgrounds.

2015	2016	2017	2018
1	1	1	1
27	27	27	27
2	2	2	2
2	2	2	2
135	135	137	137
155	155	156	156
6	6	6	6
1	1	1	1
1	1	1	1
970	935	970	970
4	4	4	4
2	2	2	2
4	4	4	4

City of
Sachse